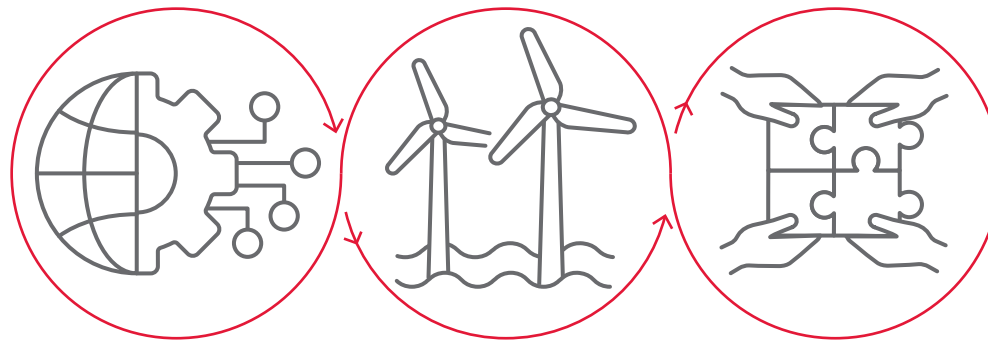


TOWARDS THE FUTURE WITH A PRINCIPLED APPROACH



2022 INTEGRATED ANNUAL REPORT

The earthquake that ravaged Kahramanmaraş on February 6, 2023 deeply hurt our entire country and left us all in a state of mourning.

The Albaraka Türk family wish God's mercy on the souls of our citizens who lost their lives in this disaster, extend our condolences to their relatives, and pray for our injured citizens to regain their health and their loved ones as rapidly as possible.

We will overcome this challenging process with unity, resilience and solidarity

In the moments after the disaster struck, we immediately mobilized all our resources and sought to heal our wounds. At our Bank's Emergency Crisis Management Committee, we discussed all of our plans at all levels and carried out all activities necessary to swiftly overcome this sensitive process.

From the very outset, we supported the efforts to save the lives of those trapped under the rubble with our colleagues who hold search and rescue and first aid certificates and the NESAR (Search and Rescue) Association. We directed the most essential supplies to the region in order to maintain the vital functions of our citizens who were rescued from the wreckage.

In order to swiftly meet their needs for shelter and heating, we provided the most important needs such as generators, winter tents, hydrophore and water heater systems, blankets and heaters to the victims. We have continuously delivered food parcels, cleaning and hygiene materials to those in need in the region.

In coordination with various NGOs, along with official institutions and organizations, we continued to deliver our aid materials by identifying urgent vital needs on site.

With the devoted efforts of our Bank's Social Responsibility Club and our volunteer friends, we continued to work unwaveringly to meet the needs of the people of the region.

By temporarily closing our branches in the earthquake zone, we set out about ensuring the safety of life and property of our colleagues and their families in the affected area.

We maintained our support and closely monitored the situation of our personnel and their families in the disaster area. We provided cash support to all of our personnel in the affected areas. We will closely monitor the progress of the process and continue to provide support without leaving anyone behind.

Doing our part by providing additional convenience in finance

We postponed the repayment of loan installments of all retail finance customers affected by the earthquake and our customers excluding retail finance In addition to postponing the repayment of credit card debts for all our customers in the earthquake zone, we also suspended all automatic collections.

We sent mobile service vehicles to the region in order to ensure there was no disruption in banking services where branch buildings had collapsed. We also removed transaction fees for banking services.

In the coming period, we will continue to approach the needs and requirements of our customers affected by the disaster with sensitivity and take whatever measures are necessary.

Healing Wounds in the Disaster Area

Life in the disaster area is being reconstructed with the removal of the debris as we seek to heal our wounds. We have started the construction of containers and tents with vital inventories and are providing them to our citizens who were affected by the disaster.

We delivered children's books from Albaraka Publishing to the earthquake zone in order to contribute to the rehabilitation efforts which we initiated to help children overcome the psychological trauma caused by the disaster.

We will continue to work with all our might to offer support, by closely following this process which will require a long-term struggle in order to heal from the wounds of this disaster.

Wishing condolences for our Nation...



About the Report

Nature, Period and Scope of the Report

The Integrated Annual Report includes Albaraka Türk's financial and non-financial performance in 2022 and the Board of Directors Activity Report to be submitted to the General Assembly, covering the period from January 1 to December 31, 2022.

The report has been prepared on an unconsolidated basis, excluding the independent audit report in the Financial Statements and Footnotes section, and does not cover Albaraka Türk's subsidiaries and foreign operations.

Approach to Capital Elements

The report presents the current outputs and effects of Albaraka Türk's value creation model, its risk and opportunity management and the Bank's future plans and targets on the basis of integrated thinking principles proposed by the [IFRS Foundation-Integrated Reporting](#) framework and capital classification.

Report Content

The report describes Albaraka Türk's multifaceted contribution to inclusive and sustainable development by adhering to the principles of participation banking and covers with the economic, social and environmental dimensions of the Bank's operations. The report also addresses the Bank's contribution to the United Nations 2030 Sustainable Development Goals, which it supports.

Publication of the Report

Albaraka Türk places importance and priority on ensuring that the integrated annual report is accessible to all stakeholders. In this context, the report was prepared with an environmentally friendly approach and made available on electronic media. The report can be accessed from the Public Disclosure Platform and the website, at www.albaraka.com.tr.

Compliance with Legislation and Regulatory Framework

This report has been prepared in accordance with the IFRS Foundation-Integrated Reporting framework and the GRI Standards 2021 published by the Global Reporting Initiative (GRI). The content of the report was created according to the methods of determining content, primarily the prioritization principle, as set out in the GRI Standards Guide, with performance statements broadly adhering to the same guidelines.

The 2022 Integrated Annual Report of our Bank, whose shares are traded on the Borsa Istanbul, is also in compliance with the minimum requirements as set out by the BRSA, the Capital Markets Board (CMB) and the TCC regarding activity reporting.

Audit

For the selected non-financial indicators in the report, statements of assurance within ISAE 3000 (Revised) and ISAE 3410 standards have been obtained by an independent auditor, PwC Independent Auditing and Independent Accountant Mali Müşavirlik A.Ş. Limited. The report of the Independent Assurance Statement, which includes the list and scope of indicators receiving assurance can be viewed on [page 160](#). The financial information in the report has been audited by the same independent audit firm. Statements from Independent Auditors are presented on [page 175](#) of the report.

Statement from the Senior Management

Financial and non-financial information, targets and key performance indicators in the Integrated Annual Report are reviewed by the senior management of Albaraka Türk. The Management Statement is presented on [page 172](#).



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To access external links



To access intra document links



Indices and Reporting Frameworks in which Albaraka Türk is Included



BIST INDICES

BIST PARTICIPATION 100 / BIST CORPORATE GOVERNANCE / BIST STAR / BIST ALL / BIST 100-30 / BIST PARTICIPATION 50 /

BIST PARTICIPATION ALL / BIST SUSTAINABILITY PARTICIPATION / BIST PARTICIPATION 30 / BIST 100 / BIST SUSTAINABILITY /

BIST FINANCIAL / BIST BANK





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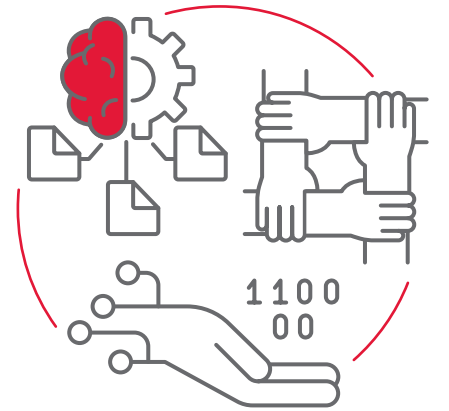
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With a principled approach

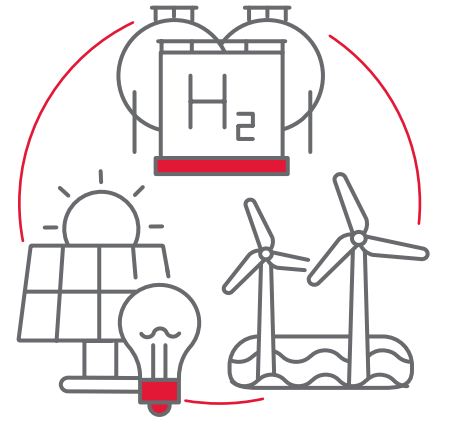
As Turkey's first participation bank, Albaraka Türk offers its financial products, services and solutions to a wide range of customers in line with the principles of participation banking and creates shared value.





By internalizing sustainability

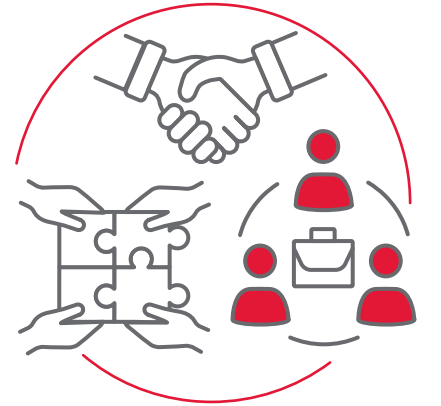
Albaraka Türk internalizes sustainability; works to reduce short, medium and long term risks and to maximize the positive impact it has on its ecosystem.





Moving forward

With the Sustainable Banking Program, Albaraka Türk is advancing to the future with the goal of becoming a leading financial institution that is sensitive to people and the environment, supports economic and global development, and cooperates with all its stakeholders for a sustainable world.





General Assembly Agenda

BOARD OF DIRECTORS' RESOLUTIONS

SESSION NR. : 2465
DATE : 24 February 2023

The below resolution/s, circulated to all Members of the BoD upon the proposal of Malek Khodr TEMSAH (General Manager & Member of the BoD), has/have been APPROVED by the under-signed, in line with Turkish Commercial Law (Article 390/4) and the Bank's Articles of Association (Article 26/4):

RESOLUTIONS:

- 1. It has been DECIDED that the Ordinary Annual General Assembly of Albaraka Turk Participation Bank shall be held on 31/03/2023, at 10:00, at the Bank's Head Office, located in Saray Mah, Dr. Adnan Büyükdeniz Cad. No: 6, Ümraniye, İstanbul, to discuss below agenda items.
- 2. It has also been DECIDED that the Information Document on 2022 Ordinary General Assembly and the Procedure on Participation to the General Assembly, both prepared by the General Management and submitted to the approval of the Board, shall be announced to shareholders through our Bank's web page.

AGENDA:

- 1. Inauguration and formation of the Presiding Council.
- 2. Authorizing the Presiding Council to sign the minutes of the General Assembly meeting.
- 3. Reading and discussing the Annual Report of the Board of Directors (BoD) on the fiscal year 2022.
- 4. Reading and discussing the Auditor's reports.
- 5. Reading, discussing and approving the Financial Statements.
- 6. Acquittal the Members of the BoD.
- 7. Submitting the BoD members, who have been elected by the BoD to the vacant membership positions to complete the remaining term of their predecessors, to the approval of the General Assembly.
- 8. Determination of the number of members of the BoD, election of the members of the BoD due to the expiry of the term of office of the current members of the BoD and determination of their terms of office.
- 9. Deciding on utilization and distribution of profit and dividend sharing through discussing the BoD's proposal on the utilization and distribution of the annual profit and dividends.
- 10. Approval of transferring the revaluation value increase amount calculated within the framework of the Tax Procedure Law Duplicate Article 298/D and Temporary Article 32 from the Profit Reserves (Extraordinary Reserves) account to the Special Fund account.
- 11. Determination of the payments to be made to the Members of the BoD.
- 12. Election of the Auditor.

- 13. In accordance with the Communiqué on Compliance with Principles and Standards of Participation Banking, due to the expiry of the term of office of the current Participation Banking Consultancy Committee members, submitting the Participation Banking Consultancy Committee new members appointed by the BoD for the approval of the General Assembly.
- 14. Discussing and deciding on the proposal of the BoD regarding the amendment of Article 7 of the Bank's Articles of Association, titled "Bank Capital"
- 15. Presenting information to the General Assembly about operations effected in scope of the buy-back Program for our Bank's own shares in 2022 and approval of the buyback program prepared by the BoD regarding the authorization of the BoD for our Bank to accept its own shares as acquisition and/or pledge.
- 16. Authorizing the BoD to be able to distribute profit to participation fund owners in loss occurring periods, in line with Article 6/10 of the "Regulation on Procedures and Principles regarding Acceptance and Withdrawal of Deposits and Participation Funds and Any Deposit, Participation Fund, The Bailed Goods and Receivable That Have Been Subjected to Prescription".
- 17. Approval of reflecting those provisions set aside by our Bank for the participation accounts, on expense accounts in line with Article 19/2 of the "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside".
- 18. Permitting Members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code
- 19. Presenting information to the shareholders pursuant to Principle no. 1.3.6. of the Capital Markets Board's Corporate Governance Communiqué.
- 20. Presenting information to the General Assembly about donations made by our Bank in 2022,
- 21. Remarks and requests.

In their own language, above resolution have been read to the undersigned foreign members. Resolution have been agreed upon with no objection.

Housseem BEN HAJ AMOR
Chairman

Bekir PAKDEMİRLİ
Deputy Chairman

Kemal VAROL
Board Member

Mustafa BÜYÜKABACI
Board Member

Mohamed Ali CHATTI
Board Member

Melikşah UTKU
Board Member

Azhar Aziz DOGAR
Board Member

Akram YASSIN
Board Member

Tawfig Shaker M. MUFTI
Board Member

Ghassan Ahmed M. AMODI
Board Member

Malek Khodr TEMSAH
Board Member and General Manager



Summary Board of Directors Report

Welcome to the 38th Ordinary General Assembly meeting of our Bank.

We present to your review and approval the Board of Directors and Audit Committee Reports and the Profit and Loss Accounts containing the operating results for the 2022 accounting period, and we greet our partners, representatives and guests who attended our meeting.

Despite the fluctuations experienced as a result of the negative effects of the post-pandemic Russia-Ukraine war and the reflections of the risks in the global economy and the domestic markets, 2022 has been a year of sustainable growth for the banking sector.

As of 31.12.2022, compared to the end of the previous year our Bank's

- Total assets increased by 34% to TL 146 billion,
- Funds collected increased by 24% to TL 113 billion,
- Funds extended increased by 28% to TL 73 billion,
- Equity increased by 76% to TL 8.1 billion,
- Net Profit was realized as TL 1.37 billion.

As the Board of Directors, we achieved a sustainable growth in our assets despite the fluctuation we experienced in 2022.

In 2023, we will continue our steady growth with the support of you, our esteemed partners.

We have submitted our balance sheet and profit/loss accounts to your review and approval in the content of our Annual Report, which summarizes our Bank's 2022 performance.

Regards,

Amendments to the Articles of Association

BOARD OF DIRECTORS' RESOLUTIONS

SESSION NR. : 2413

DATE : 30 November 2022

The below resolution/s, circulated to all Members of the BoD upon the proposal of Malek Khodr TEMSAH (General Manager & Member of the BoD), has/have been APPROVED by the under-signed, in line with Turkish Commercial Law (Article 390/4) and the Bank's Articles of Association (Article 26/4):

RESOLUTIONS:

- As our Bank's current issued capital has reached the level of its registered capital ceiling of TL 2,500,000,000.00 as a result of the recently realized capital increase, below issues have been DECIDED concerning determining our Bank's new registered capital ceiling as TL 5,000,000,000.00;
1. An application shall be made to the Capital Markets Board to obtain permission for increasing our Bank's registered capital ceiling to TL 5,000,000,000.00, to be valid between the years of 2023 and 2027 (5 years) and to amend the Articles of Association of our Bank as follows,
 2. In case the Capital Markets Board allows the increase of the registered capital ceiling, the 7th Article entitled "Bank's Capital" of our Bank's Articles of Association shall be amended from "OLD TEXT" section to the following "NEW TEXT" and the amendment shall be submitted to the approval of the first General Assembly to be held,
 3. The General Management shall be authorized to apply to the Capital Markets Board, the Banking Regulation and Supervision Agency and the Trade Ministry and other related Institutions to obtain necessary approvals and all realize all other transactions concerning increase of the registered capital ceiling and the amendment of the articles of association,



Amendments to the Articles of Association

OLD TEXT	NEW TEXT
Bank's Capital Article 7: (1) The Bank has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and switched to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259. (2) The upper limit of the registered capital of the Bank is TL 2,500,000,000 TL (two billion and five hundred million Turkish Liras), divided into 2,500,000,000 registered nominative shares with a value of TL 1 (One) Turkish Lira each. (3) The permission given by the Capital Markets Board in relation to the upper limit of the registered capital shall be in effect for a 5-year period between 2021-2025. Even if the upper limit of the registered capital is not reached until the end of 2025, in order to make a decision by the Board of Directors to increase the share capital after 2025, it is obligatory to obtain authorization for a new time period not to exceed 5 (five) years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system. (4) The Bank's issued share capital is 2,500,000,000 TL, and this amount has been fully paid in cash being free of collusion. (5) The shares representing the Bank's Capital shall be traced on the basis of the records within the framework of the principles of dematerialization (registration).	Bank's Capital Article 7: (1) The Bank has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and switched to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259. (2) The upper limit of the registered capital of the Bank is TL 5,000,000,000 TL, divided into 5,000,000,000 (Five billion) registered nominative shares with a value of TL 1 (One) Turkish Lira each. (3) The permission given by the Capital Markets Board in relation to the upper limit of the registered capital shall be in effect for a 5-year period between 2023-2027. Even if the upper limit of the registered capital is not reached until the end of 2027, in order to make a decision by the Board of Directors to increase the share capital after 2027, it is obligatory to obtain authorization for a new time period not to exceed 5 (five) years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system. (4) The Bank's issued share capital is 2,500,000,000 TL, and this amount has been fully paid in cash being free of collusion. (5) The shares representing the Bank's Capital shall be traced on the basis of the records within the framework of the principles of dematerialization (registration).

In their own language, above resolutions have been read to the undersigned foreign members. Resolutions have been agreed upon with no objection.

Housseem BEN HAJ AMOR Chairman	Bekir PAKDEMİRLİ Deputy Chairman	Kemal VAROL Board Member
Mustafa BÜYÜKABACI Board Member	Mohamed Ali CHATTI Board Member	Melikşah UTKU Board Member
Azhar Aziz DOGAR Board Member	Akram YASSIN Board Member	Tawfig Shaker M. MUFTI Board Member
Ghassan Ahmed M. AMODI Board Member	Malek Khodr TEMSAH Board Member and General Manager	

Profit Distribution Proposal

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

BOARD OF DIRECTORS' RESOLUTIONS

SESSION NR. : 2466

DATE : 27 February 2023

The below resolution/s, circulated to all Members of the BoD upon the proposal of Malek Khodr TEMSAH (General Manager & Member of the BoD), has/have been APPROVED by the under-signed, in line with Turkish Commercial Law (Article 390/4) and the Bank's Articles of Association (Article 26/4):

RESOLUTION:

It has been DECIDED, allocation of the profit made in the year **2022** as indicated below shall be submitted to the Annual General Assembly of Shareholders:

Profit of the Year	TL 1,365,495,849.69
Profit of Previous Year	TL 0.00
Profit on Balance-Sheet	TL 1,365,495,849.69
First Tier Reserve (–)	TL 68,274,792.48
Distributable Net Profit of the Year	TL 1,297,221,057.21
Tier I. Dividends to Shareholders (Gross)	TL 0.00
Tier II. Dividends to Shareholders (Gross)	TL 0.00
Tier II. Legal Reserve	TL 0.00
Special Reserves (Profit of Real Estate Sales)	TL 12,730,911.42
Augmenting to Extraordinary Reserve	TL 1,284,490,145.79

In their own language, above resolution have been read to the undersigned foreign members. Resolution have been agreed upon with no objection.

Housseem BEN HAJ AMOR Chairman	Bekir PAKDEMİRLİ Deputy Chairman	Kemal VAROL Board Member
Mustafa BÜYÜKABACI Board Member	Mohamed Ali CHATTI Board Member	Melikşah UTKU Board Member
Azhar Aziz DOGAR Board Member	Akram YASSIN Board Member	Tawfig Shaker M. MUFTI Board Member
Ghassan Ahmed M. AMODI Board Member	Malek Khodr TEMSAH Board Member and General Manager	



Albaraka Türk at a Glance

Albaraka Türk offers its 2.4 million customers a practical, fast and flawless banking experience with its 223 domestic and 2 foreign branches, as well as its extensive service network consisting of alternative distribution channels.

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About Albaraka Türk

With the vision of being the reliable, innovative, digital pioneer of participation finance, providing financial services which offer the best customer experience and sustainable, profitable growth, to contribute to a sustainable world, the economy and humanity.

Albaraka Türk was the first participation bank to be established in Turkey and the only participation bank traded on the Borsa Istanbul.

Albaraka Türk was established in 1984 with the synergy between the Al Baraka Group (ABG), one of the most distinguished groups in the Middle East finance sector, the Islamic Development Bank (IDB) and a domestic industrial group which has been operating in the Turkish economy for more than half a century, and started to operate actively from 1985.

A widespread physical service network backed by superior digital capabilities

Albaraka Türk offers its 2.4 million customers a practical, fast and flawless banking experience with its 223 domestic and two foreign branches throughout Turkey, as well as its extensive service network consisting of alternative distribution channels.

A regional solution partner for the Turkish private sector

Backed by the substantial capital structure of its main partner ABG, Albaraka Türk is one of the key solution partners for Turkish industrialists and investors in global markets. With its two branches abroad, in Erbil and Baghdad in Iraq, and its digital bank, Insha, operating in Germany, Albaraka Türk is taking firm steps towards becoming a regional financial powerhouse in the Gulf, Middle East and North Africa regions.

Offering contributions with a rich and diversified range of products, services and solutions

Albaraka Türk supports the real economy by fulfilling its mission of financing production and trade in the most effective way in line with the principles of participation banking. The Bank collects funds through special current accounts and participation accounts, and directs funds to the real sector in segments such as individual finance, corporate finance, leasing and project-based profit/loss sharing.

A qualified and strong contribution to the enterprise ecosystem

A pioneer in the development of the start-up ecosystem in Turkey, Albaraka Türk provides incubation and acceleration opportunities to entrepreneurs with technology-based business ideas and projects with Albaraka Garage, which is a first for participation banks, offering a qualified contribution to the development of the enterprise ecosystem in Turkey.

Insha Ventures, which was founded by the Albaraka Portföy Yönetim A.Ş.'s Innovation Venture Capital Investment Fund in 2020, continues its activities with the aim of developing financial technology (FinTek) projects, building and managing them.

Uninterrupted, high quality and safe service

Albaraka Türk reinforces its high service standards with its sincerity and friendly service approach. It carries out all its business processes within the scope of the ISO 9001: 2015 Quality Certificate. The ISO 22301 Business Continuity Certificate, which Albaraka Türk has held since 2016, upholds the Bank's competencies and standards in the field of uninterrupted operation of business processes.

A pioneering and leading participation bank in sustainability

Albaraka Türk is a pioneering and leading participation bank which has completed important steps in the process of internalizing the concept of sustainability and ESG (environmental, social and governance). Albaraka Türk launched the Sustainable Banking Program with the support of ABG.

Within the scope of the program, the Bank works with the aim of being a leading financial institution that is sensitive to people and the environment, supports economic and global development while working with all of its stakeholders to build a sustainable world, in line with its relevant policies and procedures.

Acting with a responsible banking approach, Albaraka Türk is focused on fulfilling its obligations to the environment and society, and diligently applying the principles of sustainability and ESG in its activities.

Guiding the steps in environmental sustainability

Albaraka Türk, the only participation bank whose shares are traded in Borsa Istanbul (BIST), has gained inclusion in the Borsa Istanbul Sustainability Index for three consecutive terms.

Supporting the United Nations 2030 Sustainable Development Goals, the Bank aims to enrich its sustainability and ESG scorecard with new breakthroughs. In this context, Albaraka Türk maintains its work to establish an Environmental Social Governance System that will enable it to achieve net zero emissions.

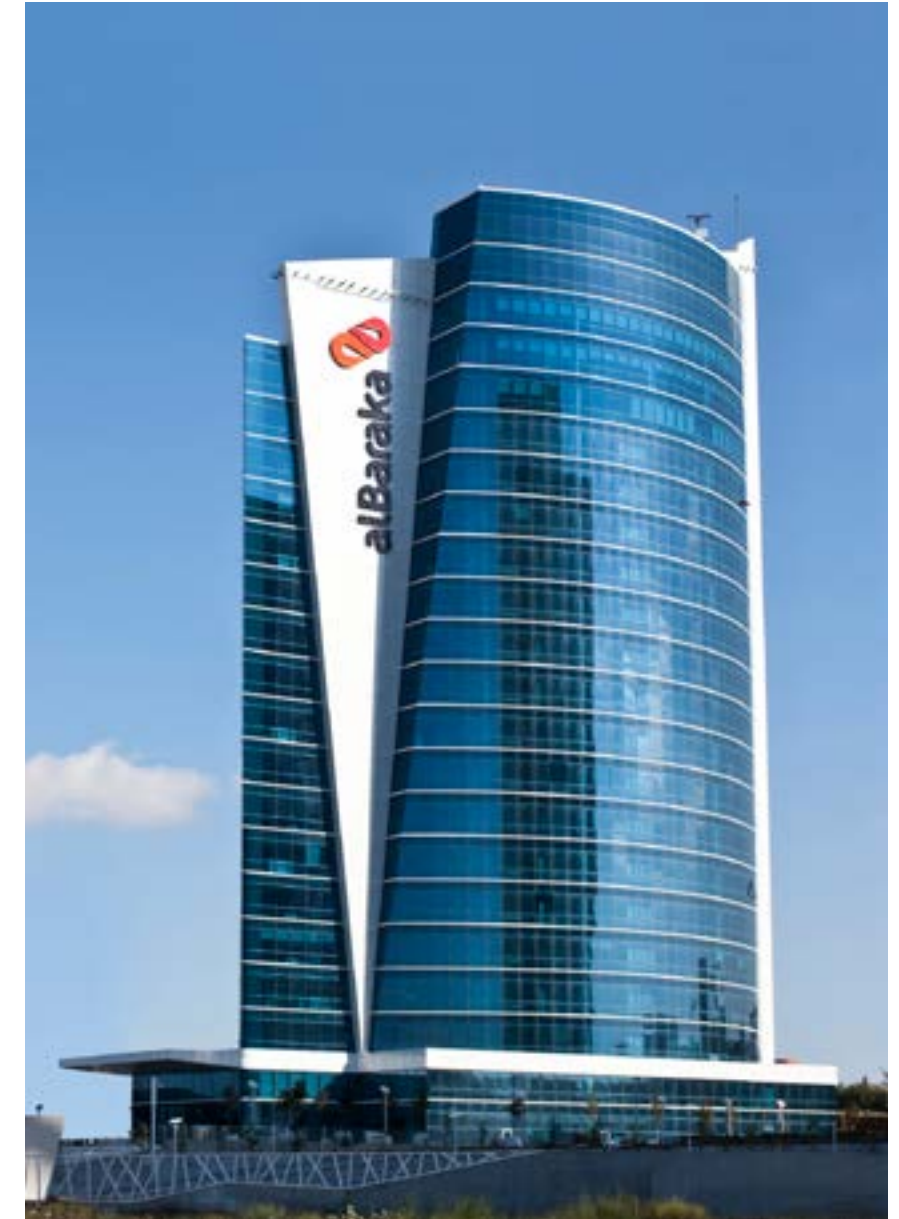
With a tradition of reporting the value it adds to the economy, society and people, Albaraka Türk has taken pioneering and exemplary steps in its sector by publishing Social Responsibility Reports in 2017 and 2018, and Sustainability Reports on an annual basis since 2019. The Bank has also been responding to the Carbon Disclosure Project (CDP) Climate Change and Water Security surveys over the last five years.

Studies have been initiated within the scope of the Science Based Targets Initiative (SBTi), with the aim of calculating the climate burden of Albaraka Türk in a holistic manner and providing scientific-based targets. The Bank's goal is to convey its relevant targets and commitment to the SBTi in the 2023-2024 period.

Traded stock exchange

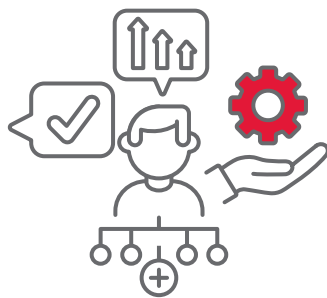


TICKER SYMBOL: **ALBRK**





Vision, Mission and Core Values



Mission

To fulfill the financial needs of society through a customer-centric approach, in accordance with the principles and moral values of participation finance, and to provide high value to all our stakeholders in a solution-oriented manner by acting with a socially responsible awareness.



Vision

To be the trusted, innovative and digital pioneer of participation finance by providing financial services through the best customer experience, and ensuring sustainable profitable growth.



Core Values

- Trust
- Cooperation
- Innovation & Agility
- Customer & Solution Oriented
- Development

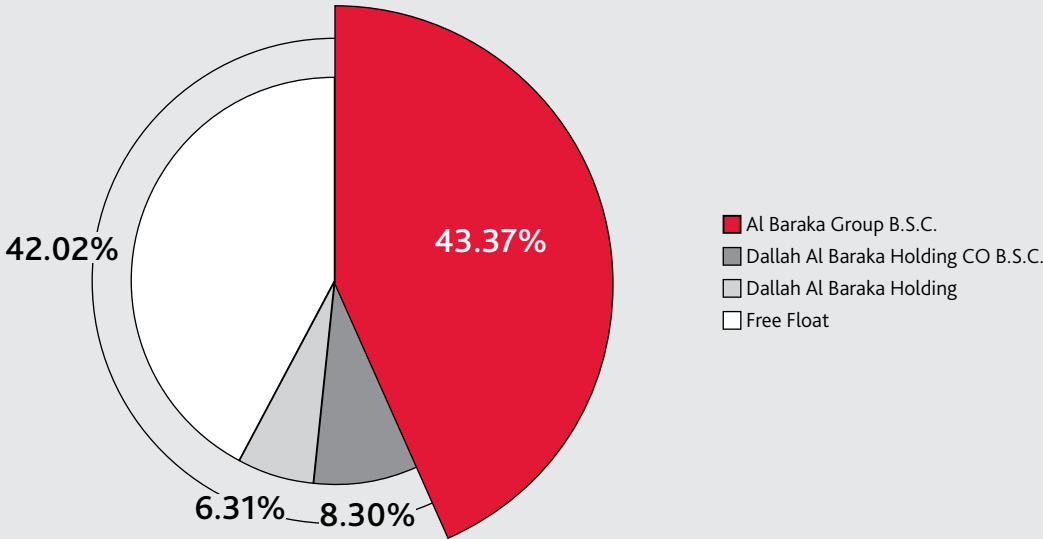
Shareholding Structure

As of 31 December 2022

Shareholder	Share Amount (TL)	Percentage (%)
Al Baraka Group B.S.C.	1,084,167,314.26	43.37
Dallah Al Baraka Holding CO B.S.C.	207,585,000.00	8.30
Other	157,948,035.93	6.31
Free Float*	1,050,299,649.81	42.02
Total	2,500,000,000.00	100.00

*4.10% of the free float portion belongs to Al Baraka Group B.S.C. The share of Al Baraka Group B.S.C. in the total capital is 45.09%.

Capital and Shareholding Structure





Albaraka Türk's Quality Policy

By working hand in hand with our well-trained employees who embrace quality as a way of life and continuously renew themselves



To offer products and services to meet the current and future expectations of our customers



To boost customer satisfaction through “personalized customer attention” and a “cheerful service” approach;



To continuously improve all our business processes as well as our product and service quality;



To keep a close watch on technology and business developments and rapidly transform them into added value.

Key Performance Indicators

2,367,264

Total number of customers of Albaraka Türk as of the end of the reporting period

Financial Performance Adding Value to Shareholders' Savings

TL 146.3 billion

Total Assets

TL 72.6 billion

Funds Extended

Widespread and Improved Service Network

2,695 person

Total Number of Employees

225

Total Number of Branches

36,184,492

Number of paperless transactions made through digital channels during the reporting period

Competent and Young Human Resources

37

Average Age

10.2 years

Average Seniority

Efficient Use of Natural Resources

LEED GOLD Green Building Certification for the Head Office Building

CDP Climate Change Rating Note **B**

CDP Water Security Rating Note **B**

Social Investments

Total Support Provided to Education

TL 7,592,921

Total Support Provided to Healthcare

TL 361,700

Total Support Provided to the Environment

TL 77,500

Total Support Provided to Vulnerable Groups

TL 879,060

Total Support Provided in Other Areas

TL 23,339,000

Total Social Investments in 2022

TL 32,250,181



Our Business Model and the Value Generated

A MODEL STRUCTURED ON THE BASIS OF DIVERSITY AND INTEGRATION

INPUTS - VALUE USED



FINANCIAL CAPITAL

- Effective capital and risk management
- Liquidity management
- Sustainable growth



MANUFACTURED CAPITAL

- Wide service network consisting of 223 domestic and 2 foreign branches
- 7/24 service with mobile-internet banking solutions
- Innovative participation banking products
- Customer focused product and service
- Cooperations developed with other financial and non-financial companies



INTELLECTUAL CAPITAL

- Investment and portfolio management service
- Innovative and digital banking products
- API and service banking solutions
- Investments in a sustainable and technology-based start-up ecosystem
- Process management supported by artificial intelligence and robots
- Fast operation infrastructure



HUMAN CAPITAL

- 2,695 competent and innovative employees
- BigBang, which allows employees to develop their ideas in any field within the organization.
- Corporate culture based on unity and togetherness
- Staying young and dynamic in banking



SOCIAL AND RELATIONSHIP CAPITAL

- Strong collaborations with stakeholders
- Contribution to UN SDG
- Supporting works aimed at transferring the Turkish-Ottoman cultural heritage to future generations through Albaraka Culture, Art and Publishing
- Playing a leading role in corporate responsibility activities
- Supporting the microfinance ecosystem
- Supporting projects aiming the development of the participation finance ecosystem
- Creating social benefits with education and health support



NATURAL CAPITAL

- Net zero emissions target
- Carrying out carbon measurements
- Measuring ESG risks in loans
- Sustainable and renewable finance

It works with the vision of being the reliable, innovative, digital pioneer of participation finance and ensuring sustainable profitable growth by providing financial services with the best customer experience. It carries out its activities with the understanding of "responsible banking", which takes into account the principles of sustainability and ESG, guided by the principles of participation banking.

SUSTAINABILITY STRATEGY - "RESPONSIBLE BANKING"

Sustainable Banking Program - ESG supported business model

- By supporting innovation in every axis of participation banking
- By contributing to the sustainable development of the Turkish economy
- By improving the value it adds to society and human well-being

WE PRODUCE AND SHARE VALUE ON ALBARAKA TÜRK'S CAREFULLY CONSTRUCTED SERVICE PLATFORM

OUTPUTS - VALUE PRODUCED

FINANCIAL CAPITAL

- Net profit TL 1.4 billion
- Profit increase 1,207.9%
- Total assets TL 146.3 billion

MANUFACTURED CAPITAL

- 2.4 million customers
- 21% increase in the number of active internet branch customers
- 23% increase in the number of active Albaraka Mobile users
- 36,184,492 paperless transactions made through digital channels

INTELLECTUAL CAPITAL

- Pratik Finansman Card
- Financing at the Dealer School Fees Installment System (OTS)
- INSHA VENTURES -Getinsha, Alneo
- AlbarakaTech Global: A new leverage for digital transformation
- Albaraka Portföy Yönetim A.Ş.: Investment in 26 companies
- 6th Albaraka Türk International Calligraphy Competition

HUMAN CAPITAL

- Team of 2,695 people
- Total training hours 185,713.33
- BigBang, which allows employees to develop their ideas in-house
- Corporate culture based on unity and togetherness
- Young Albaraka employees
- 4 awards from Brandon Hall Excellence Awards

SOCIAL AND RELATIONSHIP CAPITAL

- TL 32.3 million social Investments
- TL 58.6 million resources for education projects
- TL 647.9 million resources for health projects
- Turkey Grameen Microfinance Program- Microcredit support to 100 micro-entrepreneurs and low-income women in cooperation with TGMP

NATURAL CAPITAL

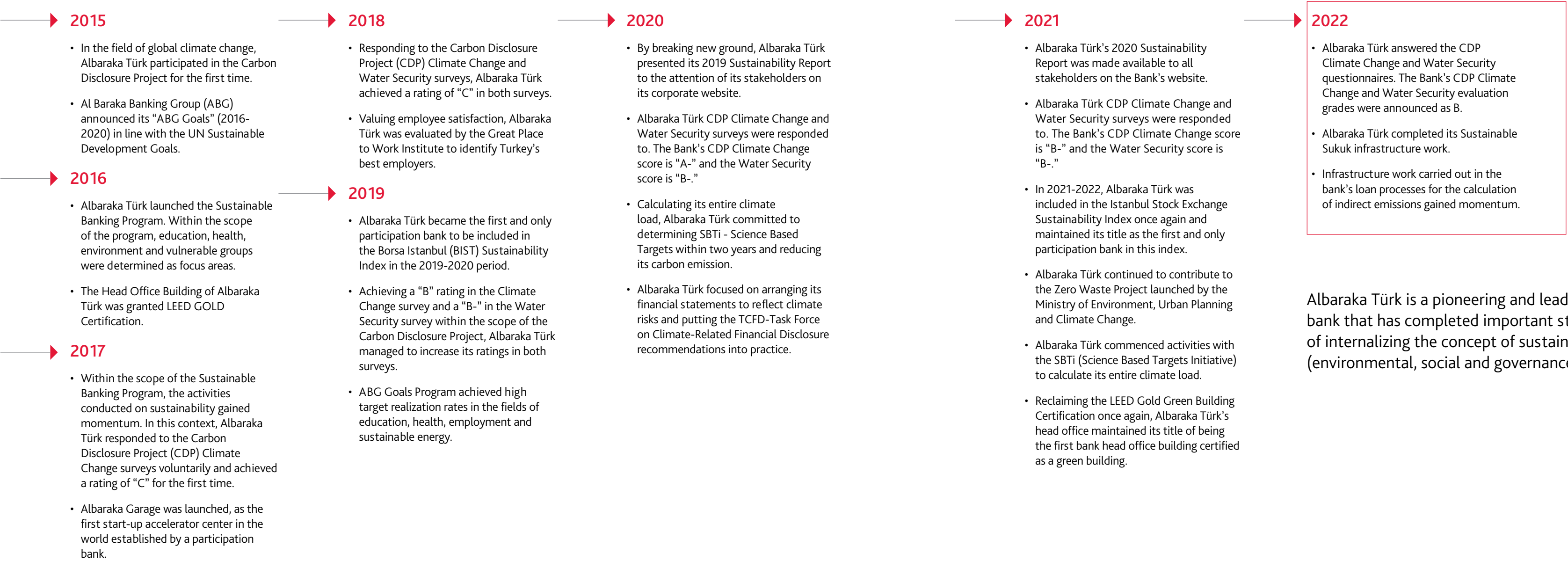
- TL 3 billion Renewable energy financing (83 Projects)
- CDP Climate Change Questionnaire B
- CDP Water Safety Questionnaire B
- Borsa Istanbul Sustainability Index

*Public and private sector projects

** Micro women entrepreneurs in 17 cities



Albaraka Türk's Sustainability Journey



Albaraka Türk is a pioneering and leading participation bank that has completed important stages in the process of internalizing the concept of sustainability and ESG (environmental, social and governance).



Achievements and Awards

Albaraka Türk's activities won the recognition and admiration of its stakeholders in 2022 and won a number of awards in different events.



At The ONE Awards Marketing Awards, held on the basis of the "Reputation and Brand Value Performance Measurement" study carried out in cooperation with Marketing Turkey - Akademetre, Albaraka Türk was ranked first in the participation banking sector and won the Most Reputable Participation Bank of the Year award in the public vote.



Albaraka Türk was awarded second prize in recognition of its "Secure Payment System" project and the third prize with its "Deed Trusted Account" project in the IDC Turkey Financial Technologies Awards event held by the international research company International Data Corporation (IDC).



Albaraka Türk won the Excellent Customer Satisfaction Achievement Award in the Complaint Var award ceremony, and was also selected as the bank with the most effective complaint management in place.



Albaraka Türk was once again awarded the Great Place to Work certificate in 2022. The certificate is awarded annually by the Great Place to Work Institute.



Albaraka Türk was included in the 2022 Best Employers List and awarded in the finance and insurance category.



Albaraka Türk set itself apart in the Brandon Hall Excellence Awards 2022, one of the prestigious award programs which evaluates excellence in the field of human assets with 4 different awards: Gold Talent Management, Gold Human Resources, Silver Learning and Development and Bronze Human Resources.



According to the report prepared by the international brand valuation organization, Brand Finance, Albaraka Türk was also included in the list of Turkey's 100 most valuable brands in 2022.



The first and only participation bank in the BIST Sustainability Index since 2019, Albaraka Türk has reduced its emissions by 8% compared to the previous year according to the 2021 Sustainability Report.



According to the Corporate Governance Rating Report prepared by the Due Diligence & Rating Company, Albaraka Türk, shareholders increased their compliance score from 9.12 to 9.14 according to the study carried out under four headings: public disclosure, transparency and the board of directors.

About the Al Baraka Group (ABG)

The Al Baraka Group B.S.C.¹ (ABG) operates as a Category 1 (Islamic Principles) Investment Firm as licenced by the Central Bank of Bahrain. ABG shares are traded on the Bahrain Stock Exchange.

The group offers retail, corporate, treasury and investment banking services, adhering to the principles of Islamic finance. ABG is a leading international Islamic finance group offering a wide range of financial services. In addition to Turkey, the group has extensive interest-free banking operations in a number of regions including Jordan, Egypt, Tunisia, Bahrain, Sudan, South Africa, Algeria, Pakistan, Lebanon, Syria, Morocco and Germany, as well as two branches in Iraq and a representative office in Libya.

Providing service in more than 600 branches, ABG serves one billion customers on a global scale. ABG's shares are traded on the Bahrain Stock Exchange.

At the end of 2022, ABG's total asset volume stood at USD 25 billion with equity of around USD 2 billion. In the same period, the Group reported US\$ 1,139 million in operating income and a net profit of US\$ 239 million.

An active player in the fight against climate change

Carrying out its operations in different regions of the world in coordination with its investments in innovation and digitalization, ABG carries out its activities in line with its corporate goals.

With the identity of being an exemplary corporate citizen with the ABG Social Banking Program, the Group strongly supports local development in areas such as education and health in the countries where it is active. ABG, which carries out studies in line with the United Nations Sustainable Development Goals, plays an active role in tackling the climate crisis.

[Click for detailed information.](#)

15 countries

Besides Turkey, ABG provides services in Jordan, Egypt, Tunisia, Bahrain, Sudan, South Africa, Algeria, Pakistan, Lebanon, Syria, Morocco, Germany, Iraq and Libya.

600+ branches

The Group provides services in more than 600 branches.

3.2 million customers

ABG serves 3.2 million customers globally.

¹ Al Baraka Banking Group (B.S.C) on July 6, 2022, announced that its title was changed to "Al Baraka Group B.S.C.".



From Management

While developing our digital focus, we will continue to move forward with determination in demonstrating sustainable balance sheet management and achieving our goals on the foundation of our strong asset quality.

Housseem Ben Haj AMOR
Chairman

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Message from the Chairman



Our bank's net profit grew by 33% in 2022, with a performance parallel to the sector, reaching TL 1.4 billion.

Dear stakeholders,

The world has entered a new era after COVID-19.

Expectations were that the results of the monetary policies implemented during the epidemic period would be observed as of 2021.

The first rapid and negative fallout of the conflict between Ukraine and Russia in February 2022 was the rapid jump in global commodity prices. The upward pressure on global inflation which followed the loose monetary policies during the pandemic as well as the commodity shock impacted decision-making by all economic units.

In 2022, major central banks set about implementing some of the most stringent rate hikes in recent history. The Fed ended 2022 with 400 basis points in rake hikes, while the ECB raised rates by 250 basis points in the same period. In addition to the Bank of England, the central banks of developing countries have also kept up with this trend of raising interest rate hikes. Although the Bank of Japan did not raise interest rates, it did implement tightening measures.

Despite all these actions, global inflation remained high throughout the year. With countries such as the USA, Germany and Italy expected to contract in 2023, a combination of interest rate hikes, the absence of a further escalation in the war and retreating commodity prices prevented inflation from rising further.

The IMF revised down its growth expectations for both 2023 and 2024. According to the IMF, the world economy is set to grow by 2.9% in 2023 and 3.1% in 2024.

Türkiye recorded a growth of 5.6% in 2022, showing that the vitality in economic activity continues and inflation, which had remained high throughout 2022, declined sharply to 66% by the end of the year.

We will always continue to support Türkiye and Albaraka Türk. It is a great honor to serve as the Chairman of the Board of Albaraka Türk, where I have been a Member of the Board of Directors since the second half of this year.

The Turkish banking sector was also positively supported by this situation with the sector's assets reaching TL 14.3 trillion, a 55.7% increase compared to the end of 2021, while the net profit for the period increased by 366% to reach TL 433 billion.

Positive developments were also seen in the Turkish banking sector's asset quality in 2022, with the sector's NPL ratio decreasing from 3.13% at the beginning of the year to 2.1% by the end. The reserve ratios for the third group were increased from 79.8% to 86.7% in the same period. While the Turkish banking sector expanded its balance sheet, it also improved its asset quality and further strengthened its profitability.

I am delighted to note that our Bank achieved a performance in parallel with the sector and recorded 33% growth in its total asset volume in this process. Our bank also wrote a net profit of TL 1.3 billion in 2022, marking an increase compared to the previous year.

On the other hand, we once again demonstrated our trust in Türkiye and in Albaraka Türk by raising our Bank's paid-in capital from TL 1.35 billion to TL 2.5 billion.

With the new capital inflow, Albaraka Türk will take firm steps towards a stronger balance sheet and meeting its targets for sustainable profitability.

We will always continue to support Türkiye and Albaraka Türk. It is a great honor to serve as the Chairman of the Board of Albaraka Türk, where I have been a Member of the Board of Directors since the second half of this year.

I would also like to state that, while developing our digital focus, we will continue to move forward with determination in demonstrating sustainable balance sheet management and achieving our goals on the foundation of our strong asset quality. As a leading participation bank in the sector, we will continuously boost our contribution to the economy while strengthening our presence.

I would like to take this opportunity to thank all of our colleagues, customers, shareholders and all other stakeholders at Albaraka Türk.

Kind regards,

Housseem Ben Haj AMOR
Chairman of the Board of Directors



Message from the CEO



Despite the prudent provisioning policy taken in line with the developments in our sector, the year 2022 was rounded off with a positive profitability performance for Albaraka Türk.

Dear stakeholders,

The outbreak of the war between Russia and Ukraine in February 2022 precipitated a surge in inflation to the highest levels seen in recent years, presenting downside risks to the growth performance for most countries. Tight monetary policies, persistent high levels of inflation and sagging consumer confidence raised the risk of recession in the USA and Europe.

As the end of 2022 approached, signs that inflation was declining in the USA and the Eurozone strengthened hopes that inflation had peaked. The start of a retracement in inflation and deepening signs of a slowdown in many economies led markets to price in the possibility that the Fed and ECB would raise interest rates more gently.

As seen elsewhere in the world, the most important item on the agenda for the Turkish economy is the high level of inflation. In December-2022, consumer prices had increased by 64.3% YoY, while producer prices increased by 97.7%.

Inflation in November and December 2022 entered a downward trend with the help of easing in global commodity prices and the base effect. As of the end of 2022, the rate of CPI inflation was realized at 64%.

Against the backdrop of a strongly growing economy in the first half, export performance and tourism receipts drove the rise in consumer price inflation. In the second half of the 2022, export growth slowed down due to fragilities in the European economy, which is Turkey's biggest export market.

Although consumer spending and tourism continued to contribute to the economy in the third quarter, the annual rate of economic growth slowed from 7.5% and 7.7% in the first two quarters of the year to 3.9% in the third quarter due to a slowdown in exports and investment. Throughout the year, consumers brought forward their spending to hedge themselves against impending price hikes, having a positive impact on growth, with pay rises realized in the middle of the year also having an effect. On the other hand, the high levels of inflation, the volatility of the Lira and the environment of uncertainty precipitated a contraction in investment.

Due to the slowdown in domestic economic activity, the CBRT gradually reduced the policy rate from 14% to 9% since August 2022. In November, the CBRT announced that it had ended its cycle of interest rate cuts. In light of the tragic earthquake that struck Turkey and, in an effort, to support the economic recovery, the CBRT made a 50 base point cut in the February meeting. Meanwhile, macroprudential measures taken by both the CBRT and the BRSA also had an important impact on the economic outlook.

The banking sector was a key stakeholder of the growth in 2022. Supporting the real sector with its loan growth in 2022, the banking sector rolled out the Exchange rate Protected Deposit account, both ensuring that its deposit stock was TL-weighted while presenting the opportunity to strengthen its asset quality. The banking sector, which witnessed an improvement in its liquidity, profitability and capital adequacy indicators throughout the year, recorded a decrease in the NPL ratio to 2.1% by the end of 2022, while provision ratios climbed to above 86%.

Despite the prudent provisioning policy taken in line with the developments in our sector, the year 2022 was rounded off with a positive profitability performance for Albaraka Türk.

Albaraka Türk recorded a profit of TL 1.37 billion as of December 2022, marking an increase when compared to the previous year. In the same period, our profit share incomes increased by 120% to TL 11.05 billion. We have utilized our capital increases and our success in operational profit generation to strengthen our balance sheet and credit portfolio and we have increased our total free provisions to TL 1.8 billion as end of 2022, The decline in our NPL ratio from 6.6% in 2021 to 1.9% was a reflection of the positive developments in our asset quality.

As a result of the steps we have taken in line with the CBRT's liraization strategy, the TL weight in our balance sheet has increased significantly compared to the end of 2021.

Albaraka Türk maintained its activities in 2022 in line with its targets and strategies aimed at digitalization and building its individual customer base. In this context, customer satisfaction was maintained at a high level in the field of remote customer acquisition, and the number of customers acquired remotely grew by 155% in 2022.

However, Practical Finansman Card, which provides consumer financing to our customers through physical or digital channels without visiting a branch, has reached high sales volumes in a short time.

In 2022, important projects were implemented in order to enable our customers to access banking services without going to the branch. Access to banking services through alternative channels was not limited to individual customers. Thanks to the projects implemented in 2022, our corporate customers have started to access many products, such as online letters of guarantee, in the digital environment.

Ten startups graduated from the 5th Term Acceleration program provided by Albaraka Garaj, the incubation and acceleration center for entrepreneurs, which we established with the aim of offering our customers innovative and technological products. Throughout the course of the program, up to TL 50,000 in grant support has been provided per venture, with mentoring and training provided in the most important development areas of our ventures - sales/marketing, growth, globalization and investment.

Among the hundreds of applications received mainly from the fields of SaaS, Social Enterprise, AI, Edutech and Fintech, 14 startups were meticulously selected with consideration given to their compliance with our Bank's strategic goals, the team's experience, the market of the startup and the level of maturity, and were granted the right to participate in the Albaraka Garage 6th Term Pre-Acceleration Program.

We aim to carry our success in 2022 to upcoming period with our renewed vision, mission and core values. We expect our work and performance in the field of digitalization to grow exponentially in 2023. In the coming period, we will press ahead with our investments in the digital field and keep the customer experience at the forefront of our activities. At the same time, we will continue to develop our sustainability activities, which we attach great importance to and carry out with dedication.

I would like to take this opportunity to express my sincere thanks to all of my colleagues and stakeholders at Albaraka Türk for their contributions in our efforts, which were rewarded with the trust and support of our customers, and wish you all health for the future.

Kind regards

Malek Khodr TEMSAH
CEO, Member of the Board of Directors



Strategy

Albaraka Türk's strategy is based on financial, customer, process, competence and organization and sustainability targets.

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Trends, External Factors - Albaraka Türk's Foresights

The Turkish economy entered 2022 with high inflation, a gaping current account deficit and strong economic growth. Even as the high course of inflation eroded purchasing power, economic activity continued unabated.

Economic and Sectoral Outlook

Realizations

The agenda for the global economy in 2022 was dominated by monetary tightening, inflation, growth and commodity prices.

As the Russia-Ukraine war which broke out in February sent commodity prices soaring, inflation - which had already edged higher on the back of expansionary monetary policies - climbed to historical levels.

While central banks raised policy rates to high levels with steep interest rate hikes, they struggled to control inflation, which had increased due to supply-side effects. However, the growth performance of countries started to decline on the back of interest rate hikes and supply constraints. In Germany, in particular, recession now stands as the baseline scenario.

The Turkish economy entered 2022 with high inflation, a gaping current account deficit and strong economic growth. Even as the high course of inflation eroded purchasing power, economic activity continued unabated.

Economic growth, which stood at 5.6% in 2022, slowed in the last quarter of the year as the slowdown in Europe squeezed exports. Softening exports also negatively affected growth and the current account balance, which became an important problem for our country in 2022. The current account balance rounded off 2022 with a deficit of USD 48.77 billion on the back of the surge in energy prices and slowdown in exports.

Currency Protected Deposits, which directly affected all parameters from macroeconomic balances to banking, played an important role in the 2022 agenda. Currency Protected Deposit Accounts, which rose to TL 1.4 trillion, limited the further weakening in the Turkish Lira and further increases in inflation. While the CBRT's macro prudential measures topped the agenda, banks quickly adapted to the regulations on the loan and deposit side in the Turkish banking sector. Attention was also focused on Central Bank regulations in 2022, as these affected all areas of the economy, from macroeconomic balances and banking balance sheet data to real sector balance sheets and demand for household financing.

In 2022, the banking sector presented an active outlook as a result of the macroprudential measures introduced by the CBRT. The Turkish banking sector, which started the year with the Currency Protected Deposits, increased its profitability by directing its liquidity to the economy as a result of the conversion from foreign currency to TL.

CPI-indexed debt securities also supported the profitability in the banking sector. Although the sector extended commercial loans carrying low interest/profit share in the second half, the sector increased its profitability and strengthened its asset quality. While improvements were observed in both reserve ratios and the NPL ratios, the precautionary reserve amounts, defined as free provisions, became one of the biggest indicators of the strengthening picture in the Turkish banking sector.

The sector's capital adequacy, profitability ratios, liquidity and FX position at the end of 2022 all helped ensure that expectations for 2023 would be positive.

Projections

Growth in the global economy is expected to slow in 2023 with a contraction in some regions and countries. This is also expected to affect our trading partners through the foreign trade channel.

While inflation is expected to remain in excess of the targeted levels throughout 2023, we believe this is the baseline scenario, which may prevent central banks from carrying out interest rate cuts.

Based on these projections, the base case scenario for 2023 envisages that inflation will remain above the target, with high interest rates and low growth.

The Turkish economy is expected to continue to grow in 2023. Movements in inflation will play an important role in determining the level of growth, currently projected to come in at around 3%. Inflation is expected to decline, especially in the absence of any exchange rate shock or surge in global commodity prices. This may positively affect growth.

On the other hand, while we were preparing our report for publication, the devastating earthquakes, with an epicenter near Kahramanmaraş, struck on February 6, 2023 and affected 11 provinces, causing significant loss of life and property. This major natural disaster may affect inflation and growth forecasts, with forecasts for economic activity and the current account balance potentially being revised downwards after damage assessment.

On the other hand, the continued growth in exports and decline in commodity prices will positively support the current account balance, leading to a decrease in imports.

In summary, attention 2023 will mostly center on the forthcoming General Election and Presidential Election to be held in 2023, with reserve and exchange rate indicators being closely followed.

Our sector is expected to maintain its healthy growth in 2023 and continue to support the real sector and households. With its high capital adequacy ratio (CAR) and healthy financial structure, the banking sector stands well placed to successfully weather possible volatilities and generate new business opportunities.





Trends, External Factors - Albaraka Türk's Foresights

The Energy Crisis

Realizations

The most important economic outcome of the Russia-Ukraine war was the energy crisis. After Russia's attempt to invade Ukraine, the European Union and United States began to impose harsh sanctions against Russia, a major energy producer and exporter. This led to an interruption in energy supplies and rise in prices.

The World Energy Outlook 2022 report, published by the International Energy Agency (IEA) in October, states that the global economy is going through a global energy crisis which produces a complex shock. The report highlighted that the crisis exposed the state of fragile global supply chains, pointing out that Europe, which has increased its liquefied natural gas (LNG) imports in the face of the sharp decline in volumes of natural gas coming from Russia though pipelines, lacked sufficient LNG storage capacity. However, a relatively mild winter and sufficient storage activity in winter prevented a worsening of the energy crisis.

Developing and underdeveloped economies, whose economic cycles depend on imported energy, have to compete with developed economies in order to access high-priced energy. In this process, while US energy exporters reported substantial profits, regions significant natural gas reserves, for example in North Africa, focused on increasing their exports. The energy crisis paved the way for increased volatility in commodity and food prices, with many countries entering a cycle of high inflation.

Projections

Without a major shift in geopolitical conditions and global supply and demand conditions, energy prices look set to remain high with energy supply remaining limited in the short term. According to the Petroleum Market Report released by the IEA in December, a sharp deficit in crude oil supplies may be experienced in the third quarter of 2023.

According to the Commodity Markets Outlook Report published by the World Bank in October, energy prices are estimated to decline by 11% in 2023 and 12% in 2024, although remaining 50% above the average of the last five years throughout 2024. High energy prices will affect businesses and production through secondary channels due to higher transportation and electricity costs, with inflationary pressure continuing.



The S&P Global Commodity Insights 2023 Energy Outlook report points out that although natural gas, coal and crude oil prices are expected to decrease on average in 2023, conditions in the European gas and electricity markets will remain challenging unless structural reforms are implemented to reduce dependence on natural gas.

High energy costs may drive energy-intensive enterprises in different regions of the world, especially in Europe, to cut production, force shut downs or push through structural changes.

While Turkey has been affected by the global repercussions of the energy crisis, its geopolitical situation provides it with some opportunities. Thanks to the balanced policies implemented, Turkey has gained importance in energy supply. Beyond providing energy supply security with its international natural gas pipelines, two of which are floating LNG power plants, and two underground natural gas storage facilities, Turkey stands to be a key player in overcoming the crisis in Europe, which has suffering from bottlenecks in gas supply due to the war between Russia and Ukraine.

The Climate Crisis

Realizations

The fight against the climate crisis is closely followed in the annual COP (United Nations Conference of the Parties) meetings, with the participation of governments, and new resolutions are signed. The COP27, held in Egypt in the autumn of 2022, took place under the shadow of a negative geopolitical and economic global outlook, and its results were limited.

The most concrete result of COP27 was the agreement of the parties to establish a Loss and Damage Fund for the countries most vulnerable to the climate crisis. The Fund is intended to assist developing countries, which are more exposed to the adverse effects of climate change, by compensating for loss and damage.

In the COP27, countries also initiated a process which includes 25 new actions of cooperation in the fields of energy, road transport, steel, hydrogen and agriculture.

In the United Nations Intergovernmental Panel on Climate Change, which took place at the COP27, it was noted that greenhouse gas emissions would need to be cut by 45% by 2030 to limit global warming to 1.5°C.

On the other hand, regarding transition financing, which is one of the most important issues in the transition to a low-carbon economy, it was emphasized that the global transformation would require investment of between USD 4-6 trillion each year. The joint action and synergetic cooperation of all national and international financial institutions will be crucial in this respect.

Projections

The climate crisis is an important risk for our country's economy and the real sector. The item that should be considered first here is the Green Agreement announced by the EU, our biggest export market. The manifesto sets out the pledge for the European continent to be the first carbon neutral continent by 2050. As the EU moves forward on its zero-carbon journey, it will activate the Border Carbon Regulation mechanism to eliminate the negative effects of the process on its economy.

With this mechanism, a fee or tax would be levied on countries which do not have carbon pricing for exports to the EU. It is predicted that Turkey, which directs almost half of its exports to the EU, will be affected by the EU's 'green transformation'.

The Border Carbon Regulation will present a cost disproportionate to Turkey's GDP and increase costs in energy intensive and high carbon emitting sectors. In addition, unless Turkish companies put in place permanent policies and practices to tackle the climate crisis, they may experience difficulties in accessing finance.

Careful planning of the sectoral effects of the Green Deal and the smooth transition to compliance is crucial. Under the leadership of the Ministry of Trade of the Republic of Turkey, an Action Plan containing 32 objectives and 81 actions has been announced under nine basic criteria with the coordination of all actors in the public and private sector. The plan, which is a roadmap, aims to improve competitiveness in exports, enhance Turkey's competitiveness in the international arena and increase green investments in our country.

Although carbon regulation at the border present a burden to Turkish exporters, this window will provide an opportunity for our country to transition to a circular economy. At this point, the steps to be taken regarding carbon regulation will provide an important opening for the banking sector in terms of increasing the share of green finance in loan portfolios and benefiting the knowledge gained in the field of sustainability and ESG in the transformation of the real sector.

This section primarily discusses the main trends that Albaraka Türk focuses on within the scope of sustainability management and performance. The risk management approaches and activities which the Bank has adopted within the scope of its service cycle and the legislation on risk management in Turkey, where it is active, are presented under the heading of [Evaluations of Financial Information and Risk Management](#). ➡



Albaraka Türk's Strategic Objectives



Financial

- Making growth and profitability sustainable.



Customers

- Improving customer experience and being more effective in customer acquisition.
- Consolidating brand image with sustainable banking and continuous communication model.



Process

- Increasing efficiency with digitalization-oriented projects and achieving an innovative business model.



Competency and Organization

- Achieving strong IT competencies and a competent and agile organizational structure.
- Maintaining employee satisfaction and improving corporate performance through a team spirit based on trust.



Sustainability

- Achieving net zero emissions through sustainability and ESG activities.

In accordance with Albaraka Türk's Strategic Sustainability Goal

- To carry out its activities with a sense of responsibility towards the environment by using scientific measurement methods with the guidance of SBTi in order to achieve net zero emissions and limit the temperature increase to 1.5-2°C in accordance with the 2015 Paris Climate Agreement,
- Contributing to the solution of many environmental problems such as the climate crisis, water and solid waste pollution problems, with the Environmental Social Governance System established within the Bank,
- To expand the portfolio of sustainable finance products such as renewable energy financing, solar power plants, gray water loans,
- To contribute to the ESG by evaluating the funds provided by sustainable sukuk in sustainable projects that comply with the standards,
- To develop CDP, BIST Sustainability Index, LEED Gold Green Building Certification, Zero Waste etc. projects,
- To inform its stakeholders transparently about sustainability,
- Developing a reporting infrastructure compatible with the ESG strategy,
- Supporting the SDGs carried out by the United Nations Development Program and aligning its business processes with these goals

Moreover;

- Albaraka Türk, which closely monitors the efforts to combat climate change, carries out scope 3 greenhouse gas emission calculation studies for the calculation of financial risks stemming from climate change in line with the recommendations of the Climate-Related Financial Statements Task Force (TCFD). For this purpose, it is aimed to calculate the greenhouse gas emissions arising in the loan portfolio and commercial risks and to convert them into financial risks with the determined internal carbon price.
- Scope 3 emissions will play an important role in Albaraka Türk's net zero emission target. In addition to the existing inventory, the methods determined for reduction will be simulated through various scenarios, and cost-effective methods will be made a part of strategic growth.



Stakeholders and Prioritization Analysis

Distinguished by its identity as Turkey's first participation bank, Albaraka Türk's stakeholders and the issues they identify to be of priority are a vital component of the Bank's sustainable value creation strategy.

The Bank maintains effective communication and interaction with its individual and corporate stakeholders, both in Turkey and the broader region. This process is applied in employment, the banking service cycle and a variety of different platforms.

Learning about the priorities and expectations of stakeholders contributes to all processes at the Bank, from risk management to quality management.

Information concerning Albaraka Türk's stakeholders and communication and interaction channels is presented in the Social and Relational Capital section of the report.

Determining priority issues in line with the expectations of stakeholders is crucial for Albaraka Türk, which reflects its integrated perspective to its business strategy and business processes.

In order to ensure its strategy and material issues are compatible with the views of its stakeholders, and to share information on stakeholder priorities in sustainability reports, the Bank conducted a study in 2021 and prioritized the following 16 topics.



Material Issues

Economic Performance	Water Consumption
Market Presence	Occupational Health and Safety
Indirect Economic Impact	Human Rights
Digital Transformation	Customer Health and Safety
Anti-Corruption Policy	Occupational Training
Emissions	Cybersecurity/ Information Security
Energy Management	Sustainable Supply Management
Use of Natural Resources	Procurement Practices

The priorities in the table also form the basis for the 2022 Integrated Annual Report.

Linkage of Priority Areas with Stakeholder, SDG and Strategic Areas

Material Issues	Stakeholder	Strategic Area	Contributed SDG
Economic Performance	Shareholders and Employee	Financial	8 9
Market Presence	Shareholders and Employee	Financial	8 9
Indirect Economic Impact	Shareholders and Employee	Financial	1 2 6 7 8 9 11 12
Digital Transformation	Customers	Customers	9 10
Anti-Corruption Policy	All stakeholders	Financial and Customers	16
Emissions	All stakeholders	Environment	12 13 15
Energy Management	All stakeholders	Environment	12 13 15
Use of Natural Resources	All stakeholders	Environment	12 13 15
Water Consumption	All stakeholders	Environment	12 13 15
Occupational Health and Safety	Employees	Process	3
Human Rights	Employees	Competency and Organization	5
Customer Health and Safety	Customers	Customers	3
Occupational Training	Employees	Competency and Organization	4 5 8
Cybersecurity/Information Security	Customers	Customers	16
Sustainable Supply Management	Suppliers	Competency and Organization	4 5 8 17
Procurement Practices	Suppliers	Competency and Organization	4 5 8 17



Sustainability Governance

The Sustainable Banking Program it is managed by 2 committees directly reporting to Albaraka Türk Board of Directors and the General Manager.

50	Sustainability Management at Albaraka
53	2021 – 2025 Al Baraka Goals
54	Albaraka Türk's Sustainability and Social Responsibility Principles
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57	Policies at Albaraka Türk



Sustainability Management at Albaraka

Albaraka Türk implements the Sustainable Banking Program under the leadership of its main partner, Al Baraka Group (ABG).

Albaraka Türk is a leading financial institution which works with all of its stakeholders for a sustainable world, is sensitive to people and the environment and supports economic and global development with the support of its employees within the scope of the Sustainable Banking Program.

The Bank's sustainability strategy envisages the realization of the Bank's activities and the effective management of the risks associated with these activities, with road maps set out in certain areas. In this context, Albaraka Türk carries out its Sustainable Banking Program within the framework of the United Nations 2030 Sustainable Development Goals. Corporate responsibility activities are also carried out within the scope of the program. These activities have mainly focused on education, health, the environment and vulnerable groups.

Sustainability Strategy

Albaraka Türk carries out its activities in the fields of sustainability and corporate responsibility with an understanding of "responsible banking".

Albaraka Türk launched the Sustainable Banking Program with the support of its main partner, ABG.

Acting with a responsible banking approach while meeting its obligations to its environment and society, Albaraka Türk observes sustainability activities while setting its banking targets, develops its business model within the scope of the Environmental Social Governance framework (ESG). Albaraka Türk, the first participation bank in our country and the only participation bank traded on the Borsa İstanbul (BIST), achieved significant successes in the 2022 operating year thanks to its technological competencies

as well as its specialized human resources. Albaraka Türk aims to be a leader in this field by taking voluntary steps to resolve many environmental challenges such as the climate crisis, within the framework of its net zero emission target and Environmental Social Governance framework.

Acting with a sense of responsibility to all of its stakeholders, the Bank voluntarily answers the CDP Climate Change and Water Security surveys. Albaraka Türk started to work with the Scientific-Based Targets Formation (SBTi) in order to calculate the entire climate load and to set out scientific-based targets. The bank is the first and only participation bank to have joined the Borsa İstanbul Sustainability Index since 2019.

Albaraka Türk, whose ultimate goal is Net Zero Emissions, has based its sustainability strategy on the Environmental, Social and Governance (ESG) framework.

Albaraka Türk aims to be a leader in this field by taking voluntary steps to resolve many environmental challenges such as the climate crisis within the framework of its net zero emission target and Environmental Social Governance framework.

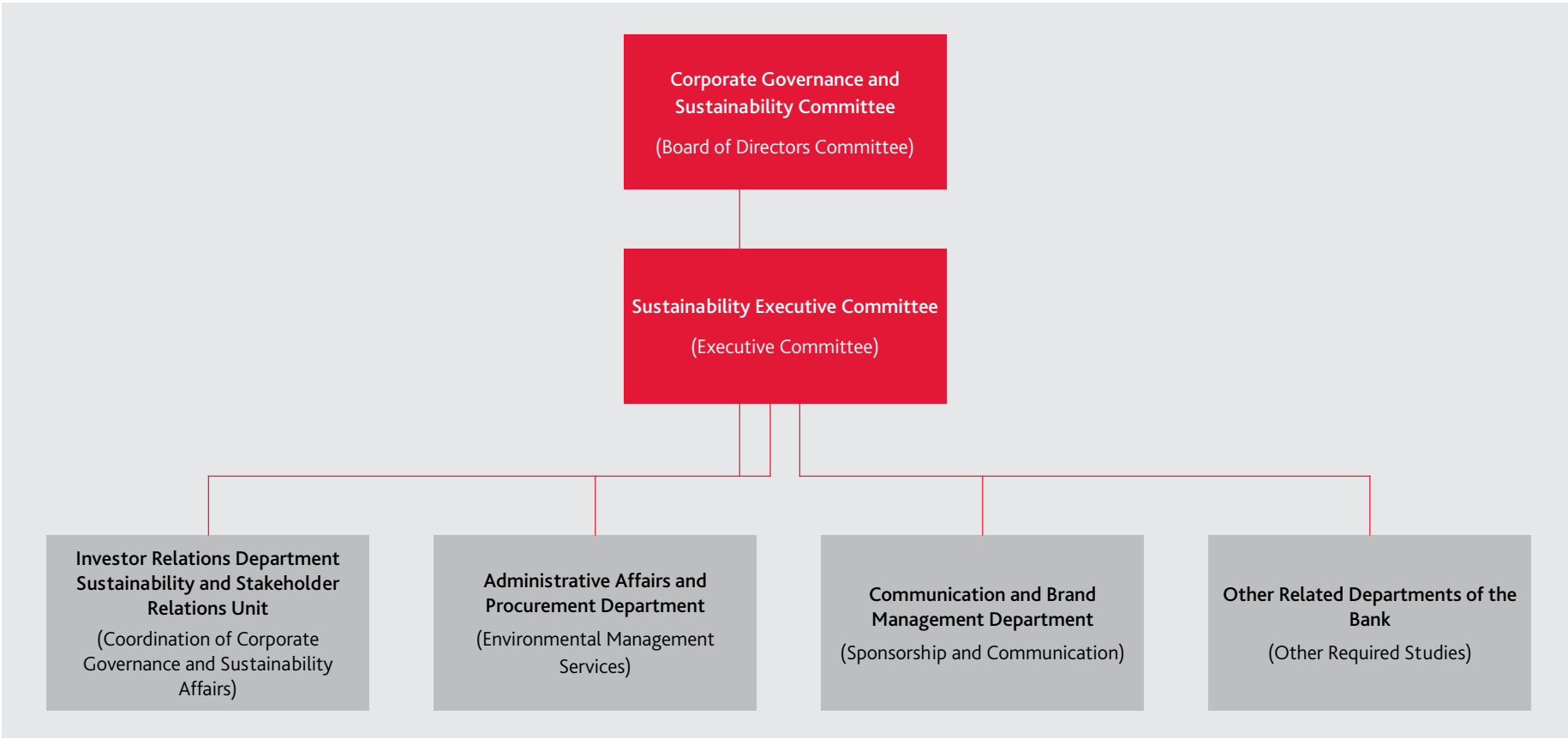
Sustainability Structure

The Sustainable Banking Program is managed by two committees reporting directly to the Board of Directors and General Manager of Albaraka Türk.

Corporate Governance and Sustainability Committee

The Committee consists of at least two members elected by the Board of Directors. The purpose of the Committee is to monitor and evaluate the Bank's compliance with the Corporate Governance Principles, to carry out improvement activities, to ensure that the Bank adopts the best practices in the field of sustainability and to offer suggestions to the Board of Directors on all these issues.

SUSTAINABILITY MANAGEMENT AT ALBARAKA TÜRK





Sustainability Management at Albaraka

AREAS OF ACTIVITY AND USE OF RESOURCES

- Sustainability and Corporate Governance Activities
- Corporate Responsibility Activities
- Sponsorship and Communication Activities

ALBARAKA TÜRK CONDUCTS ITS SUSTAINABILITY ACTIVITIES THROUGH THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE AT THE BOARD LEVEL AND THE SUSTAINABILITY EXECUTION COMMITTEE THAT DIRECTLY REPORTS TO THE GENERAL MANAGER.

The roles and responsibilities of these committees are described below.

Roles and Responsibilities of the Sustainability Committee

The Committee ensures:

- The Committee gives priority to considering economic, environmental and social factors as well as corporate governance principles in all Banking operations and decision-making processes to raise corporate sustainability awareness across the Organization, set forth concrete sustainable banking targets, and create long-term values. The Committee makes environmental protection a priority for the entire organization, sets ethical rules as necessary, and ensures effective management of risks associated with these factors. The Committee makes recommendations to the Sustainability Executive Committee concerning sustainability and social responsibility projects that will help communicate the Bank’s corporate identity and understanding which comply with its vision and mission to the public, stakeholders, and business partners.
- The Committee ensures the implementation of projects that are aligned with the Bank’s core values and ethical principles by closely following the best practices in the field of sustainability and social responsibility worldwide. The Committee assesses the effects of the Bank’s activities on society. Supervises the impacts of the Bank’s activities on society and measures taken within this framework. The Committee discusses the issues reported by the Sustainability Executive Committee and makes the necessary decisions to resolve them.
- Cooperates with the relevant committee of Albaraka Banking Group in efforts related to sustainability and social responsibility.

Roles and Responsibilities of the Sustainability Executive Committee

The Committee ensures:

- Implementing the projects that will convey the Bank’s vision, mission and corporate values across the entire society, stakeholders and business partners as part of the Sustainable Banking Program.
- Monitoring national and international practices and standards for sustainability and corporate responsibility, while ensuring the Bank’s projects and efforts in this field comply with such practices and standards.
- Formulating sustainability strategies and policies; incorporating them into the Bank’s activities; and monitoring the Bank’s sustainability performance.
- Establishing an environmental, social and governance system so as to ensure this system works in integration with the credit risk assessment system.
- Identifying the risks, opportunities and objectives in relation to climate change and ensuring that necessary reports are drafted and submitted.
- Conducting evaluations on the budget, scope and partners of the requested CSR projects; submitting these evaluations to the Sustainability Committee for approval; and following up on projects that are being implemented.
- Evaluating the impact of the projects and activities on society and ensuring that measures taken in this regard are monitored.

2021 – 2025 Al Baraka Goals

Albaraka Türk set the following priorities within the scope of the 2021-2025 ABG Goals

Financing for Healthcare Projects

USD 198 million

Group Target

USD 445 million

Donation Goal for Healthcare

USD 275 thousand

Group Target

USD ~5 million

Financing for Education Projects

USD 55 million

Group Target

USD 416 million

Donation Goal for Education Projects

USD 4.5 million

Group Target

USD 10 million

Financing for Sustainability/Renewable Energy Projects

USD 150 million

Group Target

USD 444 million

Financing for Circular Economy Projects

USD 5.5 million

Group Target

USD 226 million

Financing for Agricultural Projects

USD 450 million

Group Target

USD 682 million

Financing provided to public and private sector education projects

TL 58,613,315

Financing provided to public and private sector health projects

TL 647,894,947

Renewable energy financing (83 projects)

TL 3,069,590,887



Albaraka Türk's Sustainability and Social Responsibility Principles

Best practices in sustainability and social responsibility around the world are monitored to enable the Bank to implement social responsibility projects that comply with its core values and ethical principles, and contribute to economic development.

Albaraka Türk bases its sustainability and corporate responsibility activities on the following principles.

- Sustainability and Social Responsibility activities are conducted in the target areas such as education, healthcare, environment, vulnerable groups and culture, and in collaboration with persons, institutions or NGOs operating in these fields.
- Albaraka Türk carries out all its activities within the framework of the principles of honesty, trust, impartiality and transparency, without making any discrimination based on language, religion, race, gender, philosophical belief and sect in accordance with Albaraka Türk's Ethical Principles.
- In selecting the persons, institutions or NGOs for collaboration in Sustainability and Social Responsibility efforts, interest-free finance and participation banking principles, as well as Albaraka Türk's vision, mission and ethical principles are taken into consideration.
- Carbon Disclosure Project (CDP), BIST Sustainability Index, SBTi, and LEED Green Building Certification efforts are undertaken as part of sustainability activities.

- The Bank supports the social responsibility activities of the Social Responsibility Club founded by employees.
- While extending cash and non-cash loans, the Bank prioritizes projects that will create new employment opportunities and contribute to the easy access of all members of society to quality education and healthcare services.
- Best practices in sustainability and social responsibility around the world are monitored to enable the Bank to implement social responsibility projects that comply with its core values and ethical principles, and contribute to economic development.
- In order to keep cultural values alive and contribute to the achievement of the United Nations Global Goals, projects are carried out on the topics that the Bank prioritizes.

In light of the principles in question, Albaraka Türk plays a pioneering role in the combat against climate change.

In this context, Albaraka Türk:

- Carries out operational activities in an environmentally friendly way by making use of scientific measurement methods in order to achieve net zero emission and to limit the temperature increase to 1.5-2°C. Performs projects such as Carbon Disclosure Project, Borsa Istanbul Sustainability Index, LEED Gold Green Building Certification and Zero-Waste.
- Takes into account CDP guidance in all these studies in addition to supporting environmentally-friendly projects with banking operations.
- It takes the necessary steps to transparently inform its stakeholders about sustainability. In this context, it aims to establish the TCFD infrastructure.
- In addition to carrying out activities to increase employee awareness on sustainability and corporate responsibility issues and to encourage voluntary participation in activities, club activities are supported.

Sustainability activities

Shaping its efforts to improve the ESG system in its banking operations and business model, the Bank has started infrastructure works to measure sustainability risks and impacts.

Albaraka Türk, which has completed the infrastructure works to measure the ESG risk of certain over-limit loans in the pilot sectors, has put on its agenda the issue of arranging its financials to reflect climate risks and implementing the recommendations of the Climate Related Financial Disclosures (TCFD-Task Force on Climate-related Financial Disclosures). Providing various services to its customers by enriching the scope of sustainable finance products such as renewable energy financing, roof GES, gray water loans, the Bank will also continue to support efforts that will raise internal awareness in the field of sustainability with sustainability trainings.

In addition to these, Albaraka Türk, which is very meticulous in fulfilling its responsibilities towards its society, plans its Corporate Responsibility activities every year in four categories as education, environment, health and sensitive groups in line with its corporate values. Activities and aid campaigns are carried out with the Social Responsibility Club, in which Albaraka Türk employees voluntarily participate, and individuals in need are supported by reaching out.

In addition, the Bank acts in compliance with the decisions taken by local authorities, regulatory agencies and the legislation, and regulates its policies. The Bank, which closely follows the agenda in the field of sustainability, also supports national and international initiatives in this area. As the bank of innovations and firsts, Albaraka Türk continues to make a difference in the lives of its customers with its digital investments and to take innovative steps towards the future.

The branchless and fully digital banking application “insha”, the first step in the field of digital participation banking abroad, is also a first in participation banking in Turkey. Continuing its rapid digital transformation process, Albaraka Türk successfully continues its efforts with the aim of providing all of its physical branch services in end-to-end digital environments.

Albaraka Türk, which is a pioneer in the development of the start-up ecosystem in Turkey, provides incubation and acceleration opportunities to entrepreneurs with technology-based business ideas and projects with Albaraka Garage, which is a first for participation banks, making a qualified contribution to the development of the entrepreneurship ecosystem in Turkey. As a reflection of the great entrepreneurial movement and motivation created by Albaraka Garaj, a Venture Capital Investment Fund was founded within Albaraka Türk to establish commercial partnerships with entrepreneurs.

Founded by Albaraka Portföy Yönetim A.Ş. Innovation Venture Capital Investment Fund in 2020 and researching, evaluating, testing and implementing technologies and applications that will bring innovative and digital financial solutions to the needs of its customers, insha Ventures continues its activities with the aim of developing and managing financial technology (FinTek) projects.





Albaraka Türk's Sustainability and Social Responsibility Principles

Principles of Donations and Contributions

- Interest-free finance and participation banking principles, Albaraka Türk's vision, mission, ethical rules, and annual budget allowances are taken into account when the persons, institutions or NGOs for donations and contributions are determined by the Senior Management's decision.
- Albaraka Türk provides in-cash and in-kind donations and contributions to the socially-responsible persons, institutions or NGOs with activities in the fields of healthcare, education, environment, vulnerable groups, culture, etc. in accordance with the framework specified in the Banking Law No. 5411.
- Donations and contributions are provided by considering the laws and regulations the Bank is subject to.
- According to Article 59 of Banking Law No. 5411, "The amount of donations to be extended by banks and institutions subject to consolidated supervision in a fiscal year shall not exceed four per thousand of the Bank's equity. However, a minimum of half of the donations and contributions shall be composed of donations and contributions that may be considered as expenditure or deductible costs in the calculation of the corporate tax base. The principles and procedures applicable to the implementation of this provision shall be set by the Board."
- According to Principle numbered 1.3.10 under the CMB's Corporate Governance Communique No. II-17.1, "a policy regarding donations and contributions shall be formed and submitted to the approval of the general assembly. Information regarding the amounts and beneficiaries of all donations and contributions made within the term in line with the policy approved by the general assembly and the amendments in the policy shall be provided to the shareholders through a separate agenda item at the general assembly meeting."



- Shareholders are provided with detailed information on the donations and contributions made by the Bank at the first Ordinary General Assembly Meeting of the relevant year. The compliance and effectiveness of the Bank's practices and activities in relation to donations and contributions with the provisions of applicable laws and this Policy is subject to regular audits and assessments as part of internal audit activities.

Corporate Governance at Albaraka Türk

Detailed information on Albaraka Türk's corporate governance structure is provided in the [Management and Corporate Governance Practices](#) ➡ section.

Policies at Albaraka Türk

Albaraka Türk carries out its activities within the scope of different policies and strategies that guide the service and value creation cycle as well as stakeholder relations and environmental activities.

Details on these policies can be accessed from the web links and/or the sections in the report.

ENVIRONMENTAL	Environmental Policy ✨
	Sustainability And Social Responsibility Policy ✨
SOCIAL	Remuneration Policy ✨
	Human Values Policy ✨
	Donations and Charities Policy ✨
GOVERNANCE	Ethical Banking Principles ✨
	Policy Against Money Laundering and Financing Terrorism ✨
	Public Disclosure Policy ✨
	Customer Satisfaction Policy ✨
	Profit Distribution Policy ✨
	Quality Policy ✨



2022 Performance

Albaraka Türk continued to contribute to Turkey's development and sustainable growth in 2022. The Bank also focused on managing its loan portfolio proactively and strengthening its liquidity in the face of global and local financial fluctuations.

62	Financial Capital
70	Manufactured Capital
78	Intellectual Capital
86	Human Capital
102	Social and Relationship Capital
110	Natural Capital



WE MANAGE OUR SIX CAPITAL ELEMENTS IN ACCORDANCE WITH OUR STRATEGIC OBJECTIVES TO GENERATE VALUE THAT IS SUSTAINABLE AND CAN BE SHARED.



FINANCIAL CAPITAL

Financial capital consists of assets entrusted to the Bank by shareholders and investors, interest-free funds provided from a diverse range of sources and formats in domestic and foreign markets and the generated internal capital. Albaraka Türk deploys its financial capital in productive areas in accordance with the principles of participation banking and directs capital to the investments realized within the scope of other capital items.

Albaraka Türk transfers its financial capital to the real sector in accordance with the risk management criteria and within the scope of the participation banking service cycle, and supports economic development. The Bank directs its financial capital to investments in technology, infrastructure and superstructure, marketing activities, product and process innovation, and human capital development. These investments ensure the continuous improvement of the value proposition offered to the customer, the preservation of competitiveness, the presence of social and relational axis, and the Bank's healthy growth performance.

Relationship with other forms of capital

The correct and effective use of financial capital positively affects Albaraka Türk's Generated capital and its Human, Intellectual, Social-Relational and Natural capital.



CAPITAL GENERATED

The capital generated by Albaraka Türk consists of physical and non-physical service infrastructure and logistics facilities. All generated capital is used to reach customers and keep the wheels turning in the Bank's services. In order to continuously improve the value proposition it offers to customers and ensure the efficiency and security of its operations, the Bank invests in its digital infrastructure and intangible distribution network, its capacities and capabilities and its manufactured capital, in addition to its physical service platforms. These investments not only increase the Bank's reputation and ensure growth, but also contribute to the improvement in customer satisfaction.

Relationship with other forms of capital

The correct and effective use of the generated capital positively affects Albaraka Türk's Financial, Intellectual, Social-Relational and Natural capital.



INTELLECTUAL CAPITAL

Albaraka Türk's intellectual capital consists of its collective knowledge, policies, systems, procedures, information technology (IT) know-how, financial R&D competencies and the Albaraka Türk brand which facilitates the development and delivery of qualified products and services. Intellectual capital is deployed in many areas, such as increasing our process efficiency, optimizing resource use and improving customer and employee satisfaction. Albaraka Türk contributes to its intellectual capital by investing in its technological infrastructure, knowledge and the competencies of human assets. All these efforts play a key role in Albaraka Türk's delivery of innovative participation banking products and services to its customers using up-to-date technology platforms.

Relationship with other forms of capital

The correct and effective use of intellectual capital positively affects Albaraka Türk's Financial, Generated capital and its Human and Natural capital.



HUMAN CAPITAL

Albaraka Türk's human capital consists of its employees, who make it possible to create value for all stakeholders. They are "human assets", in the original definition of the word.

Albaraka Türk invests in improving human value, professional knowledge, competencies and individual well-being. Human capital investments enable maximization of corporate performance and provide and maintain a safe and healthy working environment for the workforce.

Relationship with other forms of capital

The correct and effective use of human capital positively affects Albaraka Türk's Financial, Generated Capital and Intellectual capital.



SOCIAL AND RELATIONSHIP CAPITAL

Albaraka Türk's social and relational capital consists of relations and interaction mechanisms based on trust and respect with its customers, its stakeholders and the wider society. The Bank's unwavering goal is to be sensitive and solution-oriented, to add value to the lives of the wider public and to develop its social and relational capital by establishing a productive ecosystem.

Relationship with other forms of capital

The correct and effective use of social and relational capital positively affects Albaraka Türk's financial, generated and intellectual capital.



NATURAL CAPITAL

Albaraka Türk's natural capital consists of all renewable and non-renewable resources needed in its service cycle. These include energy, water and paper. Another channel through which activities interact indirectly but significantly with natural capital is in the Bank's lending efforts. In both focus areas, Albaraka Türk's goal is to reduce its environmental footprint and produce less waste.

Relationship with other forms of capital

The correct and effective use of natural capital positively affects Albaraka Türk's financial, generated and social and relational capital.



Financial Capital

Despite a series of global crises throughout the year, Albaraka Türk achieved a successful financial performance within the scope of its integrated value chain and developed win-win cooperation with its customers.

CONTRIBUTION TO TURKEY'S SUSTAINABLE DEVELOPMENT AND THE REAL SECTOR

Effectively fulfilling its mission of financing production and trade in line with the principles of participation banking, meeting the financial needs of the society with a customer-centered approach in accordance with the principles of participation finance and moral values, providing high value to all our stakeholders in a solution-oriented manner by acting with the awareness of social responsibility, Albaraka Türk supports the real economy.

The Bank directs the funds it collects through special current and participation accounts to the real sector through individual finance, corporate finance, leasing and project-based profit/loss sharing products and services. Albaraka Türk supports the development of SMEs, which are the dynamo of the Turkish economy, and supports their contribution to economic development, primarily from a financial perspective.

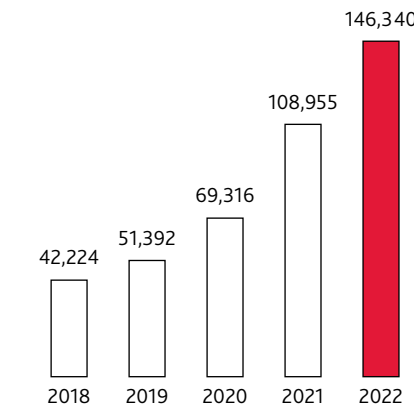
A pioneer in the development of the start-up ecosystem in Turkey, Albaraka Türk provides incubation and acceleration opportunities to entrepreneurs with technology-based business ideas and projects with Albaraka Garaj, a first of its kind for participation banks, offering a qualified contribution to the development of the enterprise ecosystem in Turkey.

The Bank makes the funds it collects and its diversified financial resources available to its customers, in an approach focused on proactive risk management, while maintaining the health of its financial capital.

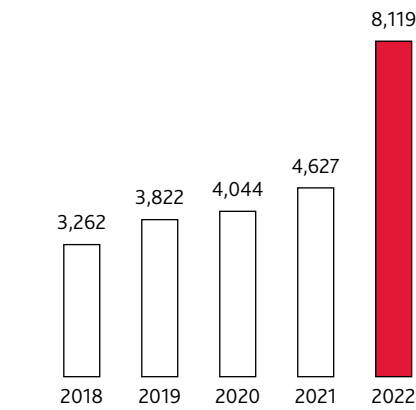


Highlights from the performance of our financial capital in 2022

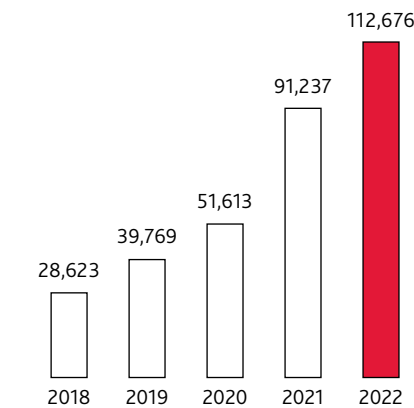
Total Assets (TL million)



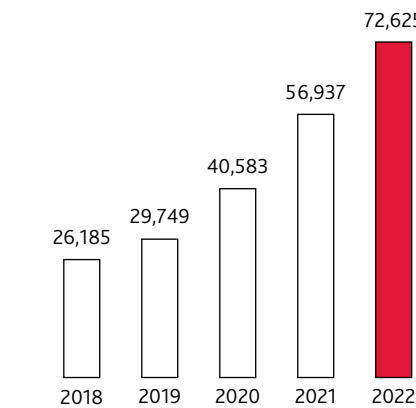
Shareholders' Equity (TL million)



Funds Collected (TL million)



Funds Extended (TL million)



A FINANCIAL PERFORMANCE EXCEEDING TARGETS

Despite challenging global and local conditions, Albaraka Türk continued its stable development and increased its assets, equity base and funds in 2022.

TL 146,340 million

Total Assets

TL 8,119 million

Shareholders' Equity

TL 112,676 million

Funds Collected

TL 72,625 million

Funds Extended



Financial Capital

Key Financial Ratios (%)	2018	2019	2020	2021	2022
Funds Extended/Total Assets	62.0	57.9	58.5	52.3	49.6
Funds Extended/Funds Collected	91.5	74.8	78.6	62.4	64.5
Total Funds/Total Assets	67.8	77.4	74.5	83.7	77
Non-Performing Loans Ratio	6.9	7.2	4.8	6.3	1.9
Net Non-Performing Loans Ratio	3.6	4.1	1.9	1.9	0.2
Ratio of Provisions for Non-Performing Loans	47.3	42.6	61.0	70.3	88.7
Capital Adequacy Ratio	14.7	15.0	13.5	14.9	14.9

Albaraka Türk's Sector Position

Sectoral Growth	2020-2021			2021-2022		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Total Assets	57.2%	64.1%	50.9%	34.3%	65.6%	55.7%
Funds Extended	40.3%	54.3%	37.3%	27.6%	73.7%	54.9%
Funds Collected	76.8%	73.1%	53.5%	23.5%	60.1%	67.1%

Albaraka Türk maintained its strong equity structure, boosting its shareholders' equity by 75.5% to TL 8.1 billion.

Having achieved a 212.7% increase in its operating income to TL 10.7 billion, the Bank increased its reserves by 227.8% to TL 6.02 billion.

Despite concerns of an impending economic recession in the wake of the pandemic, the repercussions of the Russia-Ukraine war and increasing interest rates putting pressure on the global economy as well as local volatilities, Albaraka Türk wrapped up a very successful year financially in 2022, improving its asset quality and strengthening its balance sheet.

The Bank increased its assets by 34.3% compared to the previous year, to TL 146.3 billion.

Maintaining its support for the real economy in 2022, Albaraka Türk increased the funds (cash loans) extended by 27.6% compared to the end of the previous year to TL 72.6 billion. The share of funds allocated in total assets stood at 49.6%. Funds collected by the Bank increased by 23.5% in 2022 to reach TL 112.7 billion.

In 2022, the Bank contributed to the diversity of resources by issuing TL 8,190 million in lease certificates from the domestic markets through its subsidiary, Bereket Varlık Kiralama.

Albaraka Türk further strengthened its strong equity structure by expanding its shareholders' equity to TL 8.1 billion, an increase of 75.5% compared to the previous year. The Bank achieved significant success, writing a net profit of TL 1.4 billion in 2022, an increase of 1,207.9%. Having recorded a 212.7% jump its operating income to TL 10.7 billion, the Bank increased its reserves by 227.8% to TL 6.02 billion.

As of the end of 2022, the Bank's capital adequacy ratio stood at 14.9%, in excess of the legally required level.

Albaraka Türk successfully completed its paid capital increase in 2022, from TL 1.35 billion to TL 2.5 billion, thereby further strengthening its capital structure.

Maintaining its support for the real economy in 2022, Albaraka Türk increased the funds (cash loans) extended by 27.6% compared to the end of the previous year to TL 72.6 billion. The share of funds allocated in total assets stood at 49.6%.

An increase in momentum towards participation accounts and alternative funds in 2022

Albaraka Türk developed and implemented new strategies and roadmaps in order to quickly adapt to the measures taken by the institutions responsible for managing the economy in resect to the "liraization" policy.

In order to increase the share of Turkish Lira in the funds it collects, the Bank expanded its product range in the field of fundraising.

One of the key targets and items on the agenda in 2022 was to demonstrate maximum care and effort in complying with the ratio thresholds for increasing the share of TL by encouraging fund holders to turn to TL participation accounts with exchange rate-protected participation accounts, and by meticulously applying the communiqués published by the public authorities.

At the end of 2022, Albaraka Türk had succeeded in increasing the weight of TL funds in total participation funds to 46% with the contribution of the currency protected participation account product. The share of TL funds in participation funds at the end of 2021 had reached 22%.



Financial Capital

WORKING TO MAXIMIZE THE HEALTH AND PRODUCTIVITY OF FINANCIAL CAPITAL

Albaraka Türk monitors the credit risks of the companies in its portfolio within a special model and with early warning codes and takes the necessary steps.

Albaraka Türk’s primary target audience consists of customers with high ratings, operating mostly in the industrial and production sectors, with a target of keeping the ratio of non-performing loans (NPL) below the sector average.

Early Warning System classification at Albaraka Türk

Green Status

This status applies to customers whose limits are open to use and with no negative record found in the early warning system.

Blue Status

Even though an early warning signal was detected, this situation was resolved and it was concluded that it did not affect the customer’s credibility. Limits are available for use.

Yellow Status

This status refers to customers where there are findings observed in the early warning system. Their relationship with the bank would be subject to evaluation.

Red Status

Customers in this status have been flagged in the early warning system and are considered to have a negative impact on the company’s activities. Their limits are disabled.

As of the end of 2022, Albaraka Türk’s funds, including net financial leasing receivables which exhibit wide sectoral diversity, reached TL 75.5 billion.

As of the end of 2022, 62.9% of the funds provided by the Bank were classed as blue status.

Selected Fund Usage Areas (*)

Loan Type	Extended Amount	Percentage Share In Total Extended Funds	Distribution
BUSINESS LOANS	37,881,396,648	59%	
EXPORT LOANS	7,375,449,817	12%	
IMPORT LOANS	5,918,555,982	9%	
COMMERCIAL VEHICLE LOANS	4,769,968,994	7%	
PROFIT / LOSS PARTNERSHIP LOANS	1,222,535,543	2%	
MORTGAGES	1,060,632,099	2%	

* Represents the TL equivalent of the principal amount of the cash loans extended in 2022. Profit/loss sharing loans refer to corporate finance support provided to profit/loss projects.



THE RESULT OF USING OF FINANCIAL CAPITAL IN THE RIGHT AREAS...

Gains from marketing activities

Albaraka Türk focused on broad-based growth in 2022 and aimed to increase the number and use of individual credit cards and expand the use of Tatil Finansman cards.

In 2022, the Bank recorded 17% growth in retail loans, 31% in SME financing support and 32% in total participation funds. The strongest growth in fundraising products was achieved in the Alternative Fundraising product, where 226% growth was recorded.

A total of TL 73 million was provided with the Practical Financing Card, offered within the scope of consumer finance activities in 2022.

As a result of marketing activities aimed at increasing the number and usage of credit cards in 2022, the number of customers using credit cards increased by 25% while credit card risk increased by 124%.

The number of the Bank’s active retail customers increased by 5% to reach 914,948.

23.5% growth in funds collected

The total volume of funds collected by Albaraka Türk through participation funds grew by 23.5% in 2022.

By establishing the main objective of reducing costs by expanding the fund base, efforts were taken to ensure that the funds collected would grow in individual and SME business lines, with reducing the rates of concentration.

34.5% growth in participation accounts

Participation accounts grew by 34.5% in 2022, with 12.8% growth in private current accounts. Retail customers provided the strongest contribution to the growth in participation accounts (11.3%) while individual customers contributed 8.1% to the growth in private current accounts. Following the individual segment’s contribution to private current accounts, the SME segment was the second largest contributor to the growth in volumes.

Developments in fund allocations in corporate and commercial banking

In the challenging conditions which prevailed in 2022, Albaraka Türk applied the principle of providing payments to the extent of collections for corporate and commercial customers. The year-end growth targets had already been achieved in the funds made available to the corporate and commercial segments at the end of November 2022. The volume of cash loans in the corporate segment grew by 16%, with 37% growth in the commercial segment.

The volume of non-contractual loans extended to customers grew by 8.1% in 2022, with the highest growth observed in the balances in letters of guarantee.

78% increase in fee and commission income

Albaraka Türk’s income from insurance and brokerage increased by 120% in 2022 when compared to the previous year. Increasing its total fee and commission income by 78% on an annual basis, the Bank’s banking service income increased by 188% compared to 2021.

A year of rollout for individual products and services

In 2022, Albaraka Türk expanded the scope of products that will support the growth in the individual consumer financing item.

The Pratik Finansman credit Card, which was launched during the year and offers a limit of up to TL 100,000 with a profit rate starting from 2.05%, formed the focus of individual consumer financing efforts in 2022. As of the end of December, a total of 5,000 cards had been issued to customers.

Retail loans grew at a rate in excess of the annual target. The Bank’s success in exceeding the year-end targets was demonstrated in vehicle and consumer loans. Although the growth in housing loans fell short of the target, the growth strategy in the retail segment was successfully implemented under the market conditions.

In 2022, consumer financing recorded annual growth of 126% with growth of 83% in retail vehicle financing.

Albaraka Türk aims to add value to its customers with a wide variety of card products.

The Trend credit card offers our customers between the ages of 18-25 the opportunity to pay in installments in their shopping, return sector purchases and earn Worldpuan, as well as offering a diverse range of brand collaborations. By the end of 2022, the number of customers using Trend cards had reached 7,885.



Financial Capital

The Eflatun Credit Card made a significant contribution to customer loyalty with its diverse range of content, sector campaigns and brand collaborations, especially for female customers. In 2022, the number of customers using the Eflatun credit card had increased seven-fold to reach 15,500.

The Bank also met the needs of needs of company customers for Business Card and POS throughout the year. This work carried out within the framework of a quality and efficient service model enriched the products offered by member merchants while reducing operational costs.

VALUE GENERATED THROUGH MULTI-FACETED RELATIONS WITH FINANCIAL INSTITUTIONS

An approach in line with Albaraka Türk's growth strategy

The positive results of the measures taken to tackle the geopolitical and economic problems which emerged in the wake of the Covid 19 pandemic slowly started to become apparent in many countries in 2022. In parallel with this, Albaraka Türk continued to act as an intermediary in its customers' treasury and foreign trade transactions with the privileged services and products it offers in the field of international banking.

In accordance with its growth strategy, Albaraka Türk participated in a number of international events such as meetings hosted by the SIBOS, IMF and World Bank at the highest level as well as taking part in the Bonds & Loans and Turkish Arab Economic Forum in order to strengthen existing correspondent relations with America, Europe, Middle East, Central Asia and African countries and to establish new correspondent relations.

Considering potential markets, visits were made to many countries in Europe, Africa and Asia in 2022. Within the scope of the visits, meetings were held with the relevant local authorities in order to receive political and economic evaluations and recommendations covering a number of countries.

Global transaction competency of 1,028 correspondent banks

As a result of intensive efforts carried out with domestic and foreign correspondent banks, new correspondent banks were acquired and new foreign currency accounts were opened in order to meet the international banking needs of Albaraka Türk customers.

Customer demands for treasury and foreign trade transactions were met effectively In 2022 with a total of 1,028 transaction correspondents located in 115 different countries, with 124 foreign currency accounts in 17 different currencies in 54 banks located in 22 countries.

High efficiency in foreign trade and treasury products

Foreign trade transactions such as letters of credit and guarantee offered to Albaraka Türk customers, as well as money market products such as murabaha and proxy transactions, and FX transactions between banks are carried out without interruption through the Bank's extensive correspondent network. Accordingly, country and correspondent bank limits are managed in accordance with ABG limit/risk policies. In line with Albaraka Türk's sustainable service approach, the limits for 50 countries and 250 correspondent banks have been kept active.

Albaraka Türk has been providing active services in financing the letter of credit transactions of its exporting customers with its Term Export Finance (VİF) product since 2017. With VİF, the financing needs of exporting customers are met by making payments for forward export letter of credit transactions loaded in accordance with the principles and principles of participation banking.

Collaboration with international export insurance companies has been enhanced in the field of insurance of receivables arising from export transactions mediated by Albaraka Türk. Albaraka Türk focused on its Export Finance Against Goods (MİF) product, which was added to the Bank's range of products and services in 2022.

The cooperation within the scope of the Foreign Trade Program set out by the Asian Development Bank (ADB), which was initiated in 2016 was further deepened in 2022 with the aim of managing global-scale problems in trade and supply chains and to reduce risks in the procurement of receivables arising from exports. Mediation was provided for a wide range of transactions of foreign trade customers in countries under AKB's responsibility.

Albaraka Türk aims to provide services in line with the needs of its customers by participating in similar international trade programs developed by investment and development banks in different markets in the coming periods.

Cooperation with DEİK

Albaraka Türk's cooperation with the Foreign Economic Relations Board (DEİK) continued in 2022.

Membership in the business councils of the countries determined in line with the demands of current and potential customers and Albaraka Türk's strategies; The agenda and developments in these countries were followed closely and mutual negotiations were actively maintained.

A CHANGE OF FOCUS IN CAPITAL MARKETS FUNDING

More priority to corporate lease certificate transactions

While Albaraka Türk shifted its focus in capital markets funding activities in line with the developments in the markets in 2022, it demonstrated strong progress in its intermediation activities, helping companies raise funds from the capital markets.

Albaraka Türk placed priority on corporate lease certificate issues in 2022, contacting many companies and market stakeholders in order to meet the financial needs of sectors engaged in activities aimed at increasing growth, employment and exports. In this



context, Albaraka Türk obtained commission income by mediating in the issuance of a MNG Kargo's TL 75 million corporate lease certificate through Değer Varlık Kiralama. In addition, an issuance protocol was signed with Qua Granit and approval for an issue ceiling of TL 200,000,000, in which Değer Varlık Kiralama A.Ş. will take part as the issuer, was granted by the Capital Markets Board on October 7, 2022.

Holding the title of the bank to issue the highest volume of lease certificates in its sector in 2021, Albaraka Türk withdrew from lease certificate transactions as a strategic choice in 2022 in line with its effective liquidity management approach. The Bank's total lease certificate business volume stood at around TL 8.2 billion at the end of 2022. At that point, Albaraka Türk has USD 250 million in additional Tier 1 capital transactions and USD 205 million in the form of additive capital in circulation in foreign markets.

Shareholder contributions to financial capital

The capital increase transaction carried out to increase Albaraka Türk's paid-in capital from TL 1,350 million to TL 2,500 million in 2022 was successfully concluded.

In addition, the Bank maintained its efforts to raise funds in foreign markets through bilateral agreements in 2022.

Plans for 2023

In 2023, Albaraka Türk aims to issue sukuk in the form of supplementary capital abroad in order to strengthen its capital structure and diversify its resource base. Work regarding the process has largely been completed and the issuance of the relevant sukuk is expected to be completed in the first quarter of 2023.

In 2023, the Bank plans to continue to carry out intermediation transactions with companies which offer strong potential with increasing momentum. On the other hand, Albaraka Türk has started to prepare the framework document for sustainability and green/blue sukuk studies. The Bank will continue to take steps to improve these transactions in 2023.

The steady rise in interest in participation banking instruments and interest-free capital markets is expected to give rise to rapid growth in corporate lease certificate issues. The sustainable themed transactions to be performed in the same field will also strengthen cooperation with private sector companies.



Manufactured Capital

Albaraka Türk, which operates in Retail, SME, Commercial and Corporate, and Digital Banking segments, serves its steadily increasing customer base with its branches spread throughout Turkey and abroad, as well as its extensive ATM network and digital channels.

Figures for the end of 2022

225

Total number of branches

290

Total number of ATMs

Albaraka Türk also serves its customers through thousands of PTT ATMs located all over Turkey.

Highlights

According to 2022 figures;

- Nine in every ten transactions carried out on a daily basis at Albaraka Türk were through digital channels, cards and POS,
- Apart from card and POS transactions, eight in every ten transactions performed on a daily basis were completed through digital channels.

Channel and product-based indicators

- Albaraka Mobil recorded a 23% increase in the number of active users, with a number of new functions added.
- The number of customers using Albaraka Assistant (Chatbot) increased by 56% with the number of questions answered increasing by 77%.
- The diversity of transactions offered by the Internet Branch was further enriched, with the number of active customers increasing by 21%.



- The variety of chip, contactless, e-commerce and mail order transactions resulted in a 30% increase in the number of credit cards offering customers the opportunity to pay by instalments and earn points through the World loyalty program.
- The number of Bank cards, which offer a variety of transactions such as cash at ATMs and shopping at member businesses, increased by 14%.
- BKM TechPOS integration has been added to the POS product, which offers a wide range of products such as physical POS, virtual POS, mail order and Payment register devices.
- ATM sharing cooperation was established with Yapı Kredi Bank, thus widening availability to more than 8,500 points when combined with Albaraka Türk and PTT ATMs.
- An extensive service network, such as depositing money and paying card debts, was provided from over 4,200 PTT branches throughout Turkey.
- Opportunities for collection were provided for 166 institutions in invoice and institution payments.
- There was a 48% increase in the number of visitors using the albaraka.com.tr website, which provides services with more than 3,000 pages of content in three languages.

Looking ahead with an integrated digital channel strategy

In line with its integrated digital channel strategy which focuses on Albaraka Mobile, Albaraka Türk offers all the services offered at its branches on digital channels.

Believing that the digital transformation will achieve success with a model that puts people at the center, Albaraka Türk aims to digitalize and provide an easy and user-friendly experience in all of the channels which it serves, adhering to its corporate values.

Contributing to financial inclusion by internalizing the latest developments in technology, Albaraka Türk makes effective use of the digital transformation process and provides its customers with high-quality and high-value services through digital channels, without restrictions on the basis of time or space.

Albaraka Türk's digital ecosystem

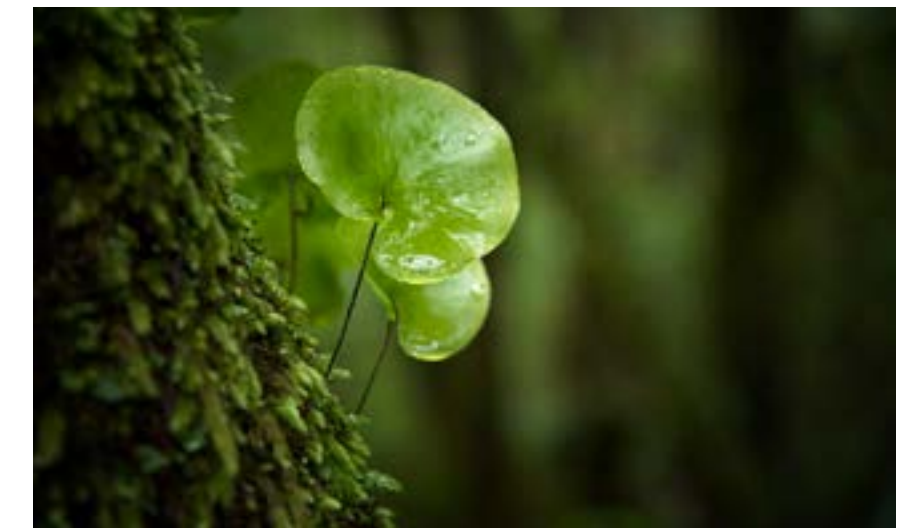
Working to simplify business processes and continuously enhance the user experience around the concept of simplicity, Albaraka Türk has created a digital ecosystem through collaborations with different institutions. The Bank aims to develop and enrich its digital ecosystem by producing innovative solutions by working with FinTechs and other solution partners.

In this vein, the Bank had achieved integration with more than 166 institutions for bill payments, salary payments and school instalment payments within the scope of Pay with Albaraka as of the end of 2022, along with integrations with e-commerce sites.

Albaraka Türk has recently redoubled its efforts to offer innovative payment methods in order to mediate in banking transactions and payments based on the latest state-of-the-art technological infrastructure. In this context, once the mobile application reads the NFC-enabled chip ID cards, the remote customer service over video call is activated, thus doing away with the need to go to the branch to open a bank account.

The Pay with Albaraka service has been expanded to more e-commerce sites for customers who wish to shop through online retail sites using the balance in their account rather than shopping with a card. The Bank also offered its customers a host of new innovations such as being able to withdraw or deposit money from Albaraka Mobile using a QR code, shopping with QR code through POS and the Albaraka Digital Debit Card, which can be created digitally.

New competencies have been added to the Albaraka Assistant (Chatbot), one of the channels expected to be used extensively in the future, with the aim of serving more customers.





Manufactured Capital

Becoming a Digital Customer

The Bank's performance in customer acquisition through digital channels exceeded the target in 2022.

In addition to customer acquisition in the context of digitalization, Albaraka Türk also carries out work to integrate transactions undertaken through the branch channel into digital channels. Improvements were carried out in a range of areas such as raising credit card limits through digital channels, renewals of traffic insurance, Western Union money transfers, School Fees Installment System (OTS) transactions and Albaraka Mobile fast foreign exchange transactions.

When it comes to the Bank's activities in communication, communication was carried out in paid and free channels for free banking (Nefes) advertisement, the credit card Worldpuan campaign, lottery campaigns and brand collaborations.

Albaraka Mobil – The focal point of the digital service cycle

A variety of features and functions were added to the already extensive range of options offered by the Albaraka Mobile platform in 2022.

Necessary work was completed to enable individual and corporate customers to transfer foreign currency (SWIFT) transactions to another bank, IBAN or account number from Albaraka Mobile. In addition, the process of the transfer transactions became traceable.

As a result of the work carried out, improvements were completed and put into service for TL transfer and money transfer transactions to other banks via TR QR Code (QR) and FAST.

In addition to sending and receiving TL from Albaraka Mobil to other banks using QR codes, modules enabling the withdrawal and deposit of money from Albaraka Türk ATMs, the withdrawal and deposit of money from other banks' ATMs, completing payments from POS using QR codes, requesting TL from customers of other banks using QR (QR Sharing) were also added to the Albaraka Mobile menu during the year.

In addition to customer acquisition in the context of digitalization, Albaraka Türk also carries out work to integrate transactions undertaken through the branch channel into digital channels.

Credit Card Application and Automatic Approval Process

Data-based estimation and scoring models have been prepared which can finalize credit card applications received through Albaraka Türk's digital channels in an automated system within seconds. The project was completed after the integration of the models into the decision support systems, card printing and courier processes, and the completion of the work in the channels and offered to the customers.

The Pratik Finansman Card

It is now possible to apply for the Pratik Finansman Card, which was developed for individual customers and integrates financing and card systems. Once the application is completed, the allocation process is carried out automatically with customers notified immediately on their screen. If the customer's application is successful, their card automatically created, produced and sent to their address without the need for any additional processing.

Accounts

It is now possible to open Cumulative Hajj / Umrah participation accounts over Albaraka Mobile. In addition to the classic, flexible, cumulative and periodic participation accounts, customers may also open Fixed Participation Accounts.

Checks and Bills

Necessary work has been completed so customers of the Bank may access the Internet Branch via Albaraka Mobile, apply for checkbooks and monitor details of their check and bill payments.

Payments

In TL loading transactions, the mobile phone number to be loaded is selected from the saved numbers and the transaction is carried out. A direct debit order may be issued following invoice payment transactions.

School Fees Instalment System

Work has been completed to allow transactions such as School Fees Instalment System registration, financing application, instalment tracking and registration renewal to be performed over Albaraka Mobile by accessing the Internet Branch screens.

Stocks and shares transactions on Albaraka Mobile!

In cooperation with OYAK Investment, work on trading shares by opening an investment account at Albaraka Mobile has been completed, and the module has been put into service. Within the scope of stock transactions, it is now possible to monitor portfolios held at OYAK Investment, buy and sell shares and carry out tracking, updating and cancellation transactions. Transfer transactions can be performed from investment accounts to current accounts and from current accounts to investment accounts.

Albaraka Assistant (Chatbot) – The first banking robot

The number of customers using Albaraka Assistant, the first banking robot to respond to both written and voice commands, increased by 56% in 2022 while the number of questions answered increased by 77%. The assistant can understand and answer approximately 82% of questions from customers. Answering written and audio questions 24/7 with Turkish and English language options, the Albaraka Mobile Assistant, which supports banking transactions by writing and speaking, also started to provide services in Arabic as a result of the development work carried out in 2022.

An enriching variety of functions through the Internet Branch

The diversity of transactions offered by the Internet Branch was further enriched and the number of active customers increased by 21%. Highlights from the enrichment studies carried out on the Internet Branch, one of Albaraka Türk's busiest channels, are summarized below.



www.albaraka.com.tr

The Western Union transfer service offered from Albaraka Türk branches has been integrated into the Internet Branch. With this system, money transfers can be carried out to all countries in the Western Union network. The process of accepting money received via Western Union is also completed through the Internet Branch. Details of the transactions carried out can be accessed on the "Past Transactions" page, while it is also possible to cancel or edit information concerning transactions where the transferred has not yet been carried out.

Viewing Export Customs Declarations

Customs Declarations for goods to be exported and which must be closed by the customer within a certain period of time by issuing an Export Value Acceptance Document (IBKB) may now be monitored on a 24/7 basis from the Internet Branch



Manufactured Capital

Credit Card Transactions

Customers may monitor the status, approval steps, status and delivery processes of cards applied through digital channels or branches via the Internet Branch. Likewise, the selection of the accounts to be linked to the bank card can be completed with the bank card application, contract and document approval.

Pratik Finansman Card

Individual customers may now apply for the Pratik Finansman Card via the Internet Branch. The application process is automatic with the result presented to the customer on their screen. The cards for customers whose application is successful are created automatically, and the customer may carry out domestic online shopping without physically waiting for the delivery of the card.

Work on SWIFT Processes

With the improvements carried out to the Internet branch and SWIFT tracking pages, it is possible for customers to follow their SWIFT transactions more easily and perform transactions without needing to enter the SWIFT code in SWIFT transactions made to an IBAN account. As soon as the IBAN number is entered, the SWIFT Code and Bank name are automatically displayed on the screen, and the necessary information for SWIFT transactions may be entered in a practical way.

School Fees Installment System (OTS)

Parents may now apply for OTS financing for student's school fees over the internet branch. Thus, it is now possible for the school fees instalment financing and registration to be carried out over digital channels both for new registrations and registration renewal.

Currency Protected and Yuvam Account

The Transformation-Supported Currency Protected Yuvam/Participation Account and Treasury Currency Protected TL Participation Account Maturity Renewal transactions were enabled through digital channels.

Receiving Checkbook Requests

The work to allow customers to request a checkbook online over the Internet Branch was completed and offered to users.

Applications for Letter of Guarantee and Letter of Reference

With the development made, applications for letters of guarantee and reference letters can be carried out quickly and easily via the Internet Branch, without going to the branch. The relevant function is offered through the Corporate Internet Branch and companies with a defined limit at Albaraka Türk may benefit from this service.

The number of visitors to albaraka.com.tr reached 3 million in 2022, an increase of 48.31% compared to the previous year. Some 67.85% of the visits to the site were carried out from mobile devices, with an increase of 74.67% compared to 2021.

Further expansion in ATM services through new collaborations

As of the end of 2022, Albaraka Türk had a network of 290 ATMs available to customers, of which 231 were located at the branches and 59 at non-branch points. ATM units located at 290 points are available for visually impaired customers, with ATMs at nine locations designed for the use of people with orthopaedic disabilities. Within the scope of the cooperation agreement, the Bank also reaches our customers with thousands of PTT ATMs located throughout Turkey.



ATM units located at 290 points are available for visually impaired customers, with ATMs at nine locations designed for the use of people with orthopaedic disabilities.

Early in 2023, Yapı Kredi ATMs were also made available to Albaraka Türk customers free of charge. With the addition of PTT and Yapı Kredi ATMs to its service network, Albaraka Türk was able to serve its customers through more than 8,500 ATMs.

Withdrawals and deposits can be made using the QR code produced with Albaraka Mobile at Albaraka Türk ATMs, while the QR Code function can also be used to perform money deposit and withdrawal transactions from the mobile applications of other banks.

POS – Moving to the future with the latest technology

Albaraka Türk participated in the BKM TechPOS project in order to expand its range of POS services and increase customer satisfaction. The work was completed in 2022 and the BKM TechPOS product was offered to customers. Since these devices may also be used as payment register devices independently of TechPOS, they have also been added to the payment register device brand model list.

Payment using QR Code at Albaraka POS

Work on the TR QR Code was completed, enabling bank customers to shop at Albaraka Türk POS with their phones using QR Codes.

Debit and Credit Cards – Fast and personalized solutions

Customers may apply for a credit card from Albaraka Mobile and the Internet Branch without needing to come to the branch. Provided they pass the checks conducted through the system's automatic evaluation, their cards are immediately approved and delivered after printing.

Likewise, customers may also apply for a debit card (ATM card) through the Internet Branch. Albaraka Türk also offers the option of sending credit card statements in a foreign language depending on the communication preferences of its customers.

Contribution to the ecosystem with institutional payments

The Bank continued to roll out new institutional integrations, enabling customers to perform all kinds of payments through the Bank's digital channels. As a result of the new institutional integrations carried out in 2022, the number of active institutions reached 166. On the other hand, the number of associations and foundations whose donation payments were accepted by Albaraka Türk in 2022 reached 64.

Albaraka Türk in e-commerce too!

The Pay with Albaraka function offers customers the convenience of paying through their Albaraka Türk accounts on contracted e-commerce sites. Customers can make their payments on their e-commerce platforms in a practical way by using the Pay with Albaraka function on the relevant sites.

The first acceleration center in participation banking

Albaraka Garaj Startup Acceleration Center, which started its operations in 2017 as the first acceleration center to be implemented within a participation bank, entered its 6th term in 2022.

Albaraka Garaj, established by Albaraka Türk to offer innovative and technological products to its customers and to strengthen its produced capital, offers a range of incubation and acceleration opportunities for entrepreneurs.



Manufactured Capital

After ten startups graduated from the Albaraka Garaj 5th Term Acceleration program, hundreds of applications were submitted for the 6th term, the application process of which opened in 2022, mainly in the fields of SaaS, Social Enterprise, AI, Edutech and FinTech.

The Bank conducted a rigorous selection process, taking into account compliance with its strategic goals, the team's experience, the market and maturity level of the startup, and 14 startups were accepted into the new term.

Supported by the acceleration opportunities of entrepreneurs who have developed technology-based products or services within Albaraka Türk, Albaraka Garage offers entrepreneurs a whole gamut of opportunities such as grants, mentorship, training, network, API and office support.

The addition of a preliminary acceleration program to the Acceleration Program marked the opening of an important axis for examining the enterprises in more detail, following their developments more closely and providing the maximum benefit to their growth.

Guiding entrepreneurs through the start-up lifecycle

In the Albaraka Garaj Acceleration Program, startups have been supported in many areas including FinTech, SaaS (Software as a Service), Artificial Intelligence and regulation technologies as well as education and health technologies.

Focusing on providing guidance throughout the start-up lifecycle, Albaraka Türk's subsidiaries including AlbarakaTech Global, Albaraka API, APY Ventures, Albaraka Portföy Yönetim and Insha Ventures offer global tools such as Amazon Web Services, Microsoft, Hubspot, Notion and Twilio to startups, as well as opportunities for cooperation.

In addition, Albaraka Garaj also cooperates with local partnerships with companies and institutions such as Olmadık Ofis, Yaratıcı Yıkım, B2Press, Bilgiyi Ticarileştirme Merkezi among Albaraka Garaj's strategic partners.

Supported by the acceleration opportunities of entrepreneurs who have developed technology-based products or services within Albaraka Türk, Albaraka Garage offers entrepreneurs a whole gamut of opportunities such as grants, mentorship, training, network, API and office support.

Albaraka Garaj, which has supported more than 100 startups and provided financial support with grants and product/service purchases since the day it was founded, will continue to contribute to the intellectual capital of Albaraka Türk as well as supporting enterprise.

Highlights from the digital transformation-oriented projects carried out by the Albaraka Türk Business Excellence and Innovation Directorate in 2022...

WFM (Work Force Management) Pools Expansion Project

Albaraka Türk aims to provide its employees with the opportunity to develop themselves in different business areas beside their areas of expertise through the WFM project, while helping them gain multi-faceted business expertise, increase their performance, develop a culture of cooperation at the Bank and establish a workload balance.

Online training programs were developed for the workflows of the units in the Bank's Operations Business Family within the scope of the project. The transactions carried out by Branch Operations employees in WFM common pools are reflected to the employee's performance score and taken into account during the evaluations. The WFM common pool project, which led to increased performance by offering personnel additional motivation, raised compliance with waiting times to 99%.

Authorization Requests Mobile Application

The Authorization Management Module, which enables the management of branch authorizations, has been integrated into the Field Application, enabling the transfer of authorization over a digital platform.

Dynamic Flow

The Dynamic Flow Module developed with the Low-Code method in areas such as bank workflows, internal correspondence and e-mail paved the way for improvements in transactions which do not allow effective reporting and follow-up. The Dynamic Flow Module not only enables the rapid implementation of the required flow designs, but also reduces IT costs.

SLA (Service Level Agreement)

In order to standardize the Bank's business processes in terms of time and quality, operational transaction SLAs were determined by using process mining methods and these started to be followed through the system which was created. SLA methodology, which is positioned at the center of process excellence, allows bottlenecks in processes to be identified and the appropriate steps to then be taken, thus reducing average processing times for operational transactions and enhancing service quality.

Process Optimization Projects

Efficiency, change, restructuring, process-based management and process improvement are the focus of Albaraka Türk's process management efforts, which are shaped by a work culture focused on "continuous improvement". In this context, various process improvement projects were carried out by utilizing Lean, 6-Sigma and Kaizen process optimization models, as well as the Agile Process Improvement methodology unique to the Bank. Within the scope of process improvement studies, actions which focus on internal and external customers were determined and improvements were carried out.

Organizational Change and Efficiency Studies

With the changes to the Bank's organizational structure in 2022, the Transformation and Strategy business family was established, which included the Strategy, Research and Corporate Performance Department, the Project Management Department and the Business Excellence and Innovation Department. Dr. Ömer Emeç was appointed as the Assistant General Manager responsible for Transformation and Strategy.

The "Branch Roles Transformation Project" was initiated to carry out the optimization of the branch organization. In this context, the Retail Customer Representative application was implemented in pilot branches and feasibility studies for the Albaraka Türk New Branch Model, which marks the continuation of the project, were completed.

In 2022, Albaraka Türk completed its Geographical Data License activities and was awarded its license and certificate. In order to carry out the Bank's activities to the highest efficiency, to establish the formation of the staff by focusing on the workload and secure the provision of documentation in accordance with quality standards, periodic surveys measuring employee satisfaction levels and job evaluation studies continued.



Intellectual Capital

Albaraka Türk presses ahead with its comprehensive digital transformation work, including process and business cycle innovation, R&D and operational excellence.

Albaraka Türk comprehensively presses ahead its work on the digital transformation, which it started in 2017.

Digital transformation and innovation are among the most important issues on the agenda in the banking sector.

As well as enabling fast, reliable, easy-to-use and accessible services to be carried out on a 24/7 basis, the digital transformation also allows access for much wider target audiences.

The digital transformation activities initiated at Albaraka Türk in 2017 with the aim of offering customers the new products and services they need with new business models, to become a global digital brand preferred by customers and to ensure that the digitalization process becomes an organizational culture continue comprehensively at the Bank.

The digital transformation is also planned to support Albaraka Türk's sustainability activities.

The Five themes of Albaraka Türk's digital transformation roadmap

- **Products and services which directly touch the lives of customers and which will enhance the customer experience**

In order to boost customer acquisition and enhance the customer experience, projects are carried out to develop critical and innovative products for target customers, to improve existing products and to offer them, especially through digital channels.

- **New business models and integration into the ecosystem**

Activities are carried out to close the gap between the Bank and the industry's leading digital players, with projects aimed at increasing customer acquisition and improving their experience. On the other hand, FinTech cooperation projects are being implemented to enable the Bank to quickly adapt to developments in the digital world and the banking sector and bring profitability and cost advantages, in order to place the Bank as a pioneer in the sector.

- **Improvement, simplification and optimization of internal processes**

Projects that will provide cost optimization by increasing the efficiency of Albaraka Türk's resources are implemented by achieving better levels of service (SLA, OLA) which exceed sector averages, as well as improving and simplifying the Bank's internal processes through the effective and efficient use of new technologies.

- **Development of competencies, capabilities and infrastructure**

In order to provide customers with the best products and services using the latest technology, projects are carried out to strengthen the Bank's capabilities and infrastructure, rendering it more agile and ready for the future.

- **Sustainable growth/profitability and effective risk management**

In order to ensure sustainable growth and profitability, effective risk management projects and projects are implemented that will improve the control environment, reduce banking and cyber risks and support the Bank's compliance with legal regulations.

WORK ON PRODUCT ENRICHMENT

Albaraka Türk continued its work on projects that will increase customer acquisition and enhance the presentation and sales of digital products and services to customers in 2022. API banking activities continued with the aim of creating a financial ecosystem, which is one of the Bank's key goals. Work continued on improving the API portal in use, with Albaraka Türk leading the banking sector in terms API portal development.

Agile product development strategy

In line with the Bank's agile product development strategies, the Bank aims to expand the micro-service-based mobile framework infrastructure and to switch to micro-service architecture in every possible area, while achieving "continuous product development and delivery".

HIGHLIGHTS OF IMPROVEMENTS TO PRODUCTS, SERVICES AND PROCESSES

Albaraka Türk developed innovative products and offered them to its customers in 2022.

Among participation banks, instant financing through digital channels and on-site financing methods stand out.

Albaraka Türk has become a new pioneer in the sector with its Pratik Finansman Card, Dealer Financing OTS, Dealer Financing Vehicle and Needs product, Jet Finansman and Jet Needs Financing and Online Shopping Financing products.

The Online Shopping Financing product for the retail segment offers individual customers the opportunity to shop in accordance with their budget by paying their expenses in installments.

It was recognized with two different awards with its Secure Payment System and Deed Trusted Account projects.

Albaraka Türk will continue to offer new products to its customers and develop the Bank's infrastructure in the upcoming period.



Intellectual Capital

The Consumer Finance at the Dealer product allows the Bank's customers to apply for financing and use consumer loans 24/7 while at the dealership. The product offers customers the opportunity to use credit comfortably outside the branch.

A number of performance improvements were achieved in this product in 2022, and Albaraka Türk's goal is to bring increased efficiency to the product and attain higher sales volumes with new improvements and developments in terms of the customer experience in 2023.

The Financing at the Dealer OTS product allows parents to instantly finance their school installments while they are at the educational institution without having to go to the branch, and to complete their registration. Very significant levels of customer acquisition and improved efficiency were achieved, especially during school registration periods. After this important performance in 2022, it is predicted that this product will also follow a rising trend in 2023.

The Pratik Finansman Card, whose application and usage processes can be carried out digitally, was launched in 2022, offering customers the opportunity to use consumer finance with a limit of up to TL 100,000, a grace period of up to 3 months and a maturity of up to 36 months.

Limits were offered to 4,000 customers through the Pratik Finansman card and approximately TL 100 million was disbursed. More recently, the Pratik Finansman Card was opened to e-commerce, so it can be used not only with physical POS machines but also in online retail.

Currency Protected Participation Account (Treasury Supported)

This participation account product is offered so customers who keep their savings in TL will not be penalized by fluctuations in exchange rates. In the event of a shift in the exchange rate, the relevant difference payments will be paid to the accounts by the Ministry of Treasury and Finance of the Republic of Turkey. Only natural persons may benefit.

Charitable Account

The account is a regular payment order product which allows customers to carry out periodic transfers to accounts of aid organizations which have a Participation Account, Current Account, Credit Card, World Point or Albaraka Türk account.

Limits were offered to 4,000 customers through the Pratik Finansman card and approximately TL 100 million was disbursed. More recently, the Tatil Card was opened to e-commerce, so it can be used not only with physical POS machines but also in online retail.

FATSI

This participation account enables domestically resident real and legal persons to open a currency protected participation account with the under-the-mattress gold they brought to Albaraka Türk on gold collection days and benefit from additional income. (The abbreviated FATSI name for this account was given by the Central Bank of the Republic of Turkey).

Yuvam Account

This participation account allows non-residents to convert their savings in US Dollars/ EUR/British Pounds/Swiss Francs into TL at the CBRT's special conversion rate, and to protect their savings from potential changes in the exchange rate and provide additional income in addition to the profit share.

Central Bank-Supported Currency Protected Participation Account

Foreign currency accounts held by domestically resident real persons (USD-EUR-GBP-XAU) and domestic legal entities in USD, EUR, GBP held in banks between 31 December 2021 and 31 December 2022 and in XAU accounts as of 31 December 2021 may benefit from the Conversion Supported TL Participation Account. The accounts are under Central Bank protection against exchange rate fluctuations. Where there is any exchange rate difference which exceeds the profit share at the end of the maturity date, the difference is paid by the Central Bank.

Start-up venture capital investment fund

Income and corporate taxpayers whose earnings are exempted from the annual declaration for Technopark companies benefiting from Law 4691, and whose annual deduction amount is TL 1,000,000 or more for the R&D and Design centers benefiting from Law 5746, is 2% of this amount. It has to receive 5% of the GDP. The Start-Up Venture Capital fund was issued within this scope.



Citizenship Participation BES

The BES product requires foreign customers bring USD 500,000 in order to gain citizenship, and cannot leave the system for 3 years.

Eximbank Insured Export Receivables Guaranteed Loan

The "Eximbank Insured Export Credit Guaranteed Loan" product was put into practice to meet the diverse financing needs of exporters.

Vehicle Financing at the Dealer

The Vehicle Financing at the Dealer product, which is also available to those who are not Albaraka Türk customers, is a product in which it is possible to apply for financing on a 24/7 basis through vehicle dealers and receive approval, revised approval, pre-approval or rejection of the financing request as a result of this application.

Jet Guarantee Letter

This product that enables legal customers to issue a Letter of Guarantee / Reference through Corporate Internet Banking, without time and place limits and doing away with the need to go to the branch. Customers with an active credit limit may issue the following types of guarantees and reference letters through internet banking and send them to their addressees online.

Jet Commercial Financing

Jet Commercial Finance is a new product which allows corporate, commercial and SME customers with active business finance credit limits to benefit from up to TL 500,000 in commercial financing support online, without having to go to a branch.

New RPA Processes and Robot License Extension

Within the scope of the Bank's innovation efforts, the Bank continued to explore RPA-compliant processes in order to ensure the sustainability of Robotic Process Automation (RPA), which contributes to our digital transformation, and as of 2022, around 65 new processes which could be automated and which had presented an operational burden to personnel, were converted to RPA processes. The software for the processes is developed by the Bank's RPA developers, and new RPA processes continuously contribute to the digitalization targets. The adventure which started with just two robots in 2018 now continues with 16 robots as of 2022. Sustainability was ensured by extending the robot license agreement, which had expired at the end of 2022, to the end of 2023.

Priority on Providing software and hardware infrastructure

Providing the necessary software and hardware infrastructure for the realization of strategic goals is a constant and fundamental priority for Albaraka Türk. In this context, work continues to establish the necessary infrastructure and skill set, and priority areas of focus have been identified as artificial intelligence analytics, open banking infrastructure, microservice architecture and mobility.

To be the pioneer of service banking

At the beginning of 2022, the BRSA published a regulation containing the regulations regarding Service Model Banking. The service banking business model, in which banks share their services with third parties through open banking services, offers opportunities for both FinTechs and banks.

When it comes to what this new service model, which encapsulates the key point of digitalization, will bring to the parties, the fact that financial services can be provided by FinTechs rather than banks emerges as a key innovation.

This step, which can be considered equivalent to the entry of new players into the sector, will mean that the competition will deepen. From the banking sector's point of view,



Intellectual Capital

providing services for a certain fee, bringing interface developers together with millions of customers and significantly increasing the number of customers will provide benefits in many areas such as current account efficiency and growth in transaction-based service revenues.

Albaraka Türk has been transferring the experience and knowledge it has gained from its service banking application Insha, which has been operating in Germany since 2018, to Turkey over the last 3 years.

GREAT STRIDES IN THE FIELD OF INFORMATION TECHNOLOGY IN 2022

Artificial Intelligence Pricing

A wealth of projects were implemented by our team in 2022 in order to bring Artificial Intelligence competence to the bank's business processes. The Artificial Intelligence Pricing Project was implemented with the aim of developing a model able to predict the pricing model of customers and to offer reasonable pricing in accordance with customer characteristics. The project involved estimating the prices of bank products using Artificial Intelligence methods, and models for cash financing and participation accounts were developed.



Pricing design and model maintenance studies were also completed. In order to help customers communicate with the bank through various channels such as the website and mobile application, the Artificial Intelligence Supported Chatbot Service was developed, which provides multi-channel messaging support and comes up with the most appropriate answer to the questions from customers based on the determined data.

Fraud AI

Debit Card and Credit Card Fraud Model additions were completed in 2022 and added to the Fraud AI Project, which implemented the ATM module in 2021. An artificial intelligence solution which enables the digitization of trial balance sheets saved in PDF format was also developed and put into use. The synthetic data development process, which is computer-generated and quickly turned into an alternative to real-world data, and is actively used in artificial intelligence solutions, was also completed.

ID Blackout

In accordance with the Personal Data Protection regulation, the Identity Blackout project, which automatically turns off restricted information such as religion and blood type in identity documents scanned with image processing, was implemented. Registration documents processes for Identity Blackout and Artificial Intelligence supported Chatbot service products were completed and the relevant documentation was received. Training and seminars were provided throughout the year in order to seek more improvement points in the field of Artificial Intelligence at the Bank.

Continued work on API banking

In line with Albaraka Türk's aim to create its own financial ecosystem, API banking activities continue in this vein. Developments and collaborations for the API portal in use continued in 2022.

In the list prepared by BirAPI at the end of July, Albaraka Türk ranked 3rd with its 106 APIs opened for development. Based on the Service Model Banking regulation published at the beginning of 2022, the work on API processes is expected to gain momentum.

Work to develop salable and independent products

In line with Albaraka Türk's agile product development strategies, the NAR (Next Generation Architecture) framework, which is suitable for agile development and based

on micro-service architecture, was brought into operation. NAR aims to create a modular software and technology infrastructure that will enable rapid transition to new areas and different environments by developing with the principle of minimum commitment, and to develop salable and independent products.

The KEP (Registered Electronic Mail) application, which was developed using the Nar Framework infrastructure, entirely with internal resources, was rolled out. Over time, this project is expected to inspire the development of core banking and environmental satellite systems using NAR infrastructure.

TFRS - 9 standard credit loss calculations

The model package of TFRS - 9 standard credit loss calculations was completed. The package entered force in order to classify banks' loans according to their characteristics and to regulate the procedures and principles for the provisions to be set aside for them. The project has prevented unnecessary rows in the data warehouse. The package chooses the most profitable distribution from the point of view of optimum coverage distribution. Having domestic software has significantly reduced support and maintenance costs.

Dashboard

The Dashboard project, which is of critical importance for Albaraka Türk's Sales, Marketing and Performance Management functions, was implemented. The platform allows performances at the field sales management, branch management, regional directorate and business line management levels to be easily examined, allowing actions to be taken and income-enhancing activities to be carried out.

AlbaFX

The new developments in the albaFX project, which was implemented in 2021, include the design of monitoring screens displaying information such as foreign stocks, foreign fund trading transactions, orders, market information and news.

UCMDB - A database project

The UCMDB (Universal Configuration Management Database) project, which offers a clear view of information technology infrastructure and software, was completed in 2022. It has brought contributions in areas such as reports, change reports, application inventory, server inventory, database inventory, network device inventory, service catalog, automatic

topology discovery, asset management, configuration management and audit. Early warning systems have been established to strengthen service continuity. Work was undertaken to increase the effectiveness of retrofitting and system monitoring programs in infrastructure architecture. Improvements were carried out to increase service continuity by performing market comparisons and researching new technologies. In order to take faster action in case of possible service interruptions, the existing structure was reviewed and necessary improvement and strengthening measures were completed.

INSHA VENTURES - AN INNOVATIVE POWERHOUSE

Insha Ventures, the first company producing FinTech in Turkey, examines financial technologies in order to provide innovative answers to the needs of its customers, subjects them to comprehensive evaluations, transforms the outputs it obtains into solution proposals and puts innovation at the heart of its processes in order to achieve this.

Established in 2018 as a subsidiary of Albaraka Türk, Turkey's strongest participation bank, insha Ventures has taken and continues to take important steps towards changing and transforming the conventional financial system with its wide range of innovative products.

Insha Ventures, the first company producing FinTech in Turkey, examines financial technologies in order to provide innovative answers to the needs of its customers, subjects them to comprehensive evaluations, transforms the outputs it obtains into solution proposals and puts innovation at the heart of its processes in order to achieve this.

Intellectual Capital

Getinsha

Without doubt, one of the most profound of these steps has been bringing ethical banking together with digital financial services with the subsidiary, Getinsha GmbH, established in Berlin, Germany in 2019. Winning the title of the first ethical financial service provider to continue its activities solely through the application, insha GmbH is constantly improving its product range and customer portfolio. Getinsha GmbH, which will carry its field of activity outside of Germany, will expand its scale in 2023 by actively operating in many European Union member countries in the near future.

Alneo

Another important brand under insha Ventures, Alneo is an application that can be processed with debit and credit cards of 21 different banks, and receives payments through QR Codes, NFC contactless, direct, SMS and e-mail collection methods. As of February 2023, the application had reached nearly 26,000 customers and attained a transaction volume of TL 2,750 million.

Alneo, the mobile pos model which offers an innovative and seamless solution in the field of virtual POS, the area where FinTechs are seeking to capture the most share in the banking sector, has become one of Turkey's first easy and fast mobile payment applications. Alneo consists of an Alneo POS application for member merchants and an Alneo wallet application which the end-user customer can use by adding their cards. In addition to eliminating materials such as physical POS devices and rolls, the app also offers 24/7, 3D secure single or installment payments for all bank and credit cards. Reaching 17,000 active commercial customers through this technology, Alneo not only enabled the acquisition of new customers, but also increased the coverage of the POS with validity of 21 debit cards in a single application. Reaching 17,000 commercial customers with the technology it has developed, Alneo has not only enabled new customer acquisition, but also liberalized Albaraka's POS structure, reaching a financial volume of TL 2,750 million through 413,000 transactions.

On the verge of launching a wave of innovative, digital products

Also within the body of insha Ventures, NakitBasit will be able to meet cash needs locations from places such as supermarkets and fuel stations that will soon come into our lives, the safest way of buy now pay-now business models by transferring bond transactions to the online environment, SEMOSİS, the first digital securities platform of our country, fee and management solution Kozmos, remote customer acquisition service. I struggled to



understand this paragraph Brands such as IdentityBasit, the virtual POS service PosBasit, and FLYP, which offers growth and construction services by bringing the open banking and license infrastructure needed by FinTechs together on a single platform, are also included.

As a bank that has personal experience of the Service Banking business model, Albaraka Türk is determined to be a pioneering and assertive player in this field.

ALBARAKATECH GLOBAL – Providing Important Leverage for the Digital Transformation:

AlbarakaTech Global was established to create the necessary skillset for these goals, to benefit from the R&D ecosystem and to bring the technological outputs into production.

AlbarakaTech Global, which commenced its activities on the Teknopark Istanbul campus with 218 personnel as of December 1, 2020, was continuing its activities with a team of 228 people as of the end of 2022.

The primary goal of AlbarakaTech Global is to provide Albaraka Türk with technologies that will enable it to achieve its strategic goals. The company also aims to provide services to the banks within the Albaraka Banking Group and other participants in the sector. In this context, the company sold products and training services to customers other than Albaraka Türk in 2022.

ALBARAKA PORTFÖY YÖNETİMİ A.Ş.

The Albaraka Portföy Yönetim Venture Capital Mutual Funds unit completed eight new VCF foundations in 2022 and invested a total of TL 86 million in 26 companies, 15 of which are new and 11 are continuing investment tours.

As of December 2022, the total value of the VCFs and funds within its body exceeded TL 2.5 billion TL. APY Ventures, Albaraka's brand which touches the entrepreneurial ecosystem, was selected as the most active VC of the year in the ecosystem awards provided by Startupcentrum based on the available data. Informatics Valley VCFs, one of the most active venture capital investment funds in Turkey and the flagship of Albaraka Portföy Yönetim Venture Capital Funds, undertook 12 new investments in 2022. Informatics Valley VCF, whose main focus is Mobility, continues its investment processes in a dynamic way. The Start-up VCF, another of Albaraka Portföy Yönetim's VCFs, undertook four new investments and five follow-up investments in 2022. The fund volume approximately quadrupled in 2022 and the fund price (APYVC) increased from TL 1,752 at the beginning of 2022 to TL 3,500 TL by the end of the year. With the Fintech VCF, in which Albaraka Türk is the investor, a new investment of USD 750,000 was undertaken in 2 companies.

Investments in 2022;

- **Onedocs**, which facilitates the use of contract tracking processes,
- **Düşyeri**, a mobile application, which provides safe content for children, providing peace of mind for parents wanting to give their phones to children,
- **Craftgate**, which enables businesses to manage all banks' Virtual POS, a wide range of payment and e-money institutions, alternative payment methods and international payment methods from a single hub,
- **Transmitter**, providing a micro-delivery system in the city and regionally,
- **Octopus**, which transforms industrial displays into marketing activities for businesses,
- **Kuartismed**, which develops a product which enables monitoring of swallowing and respiratory rhythms of newborns and premature babies,
- **Denebunu**, a platform which sends boxes for users to experience products and enables brands to receive feedback,
- **Sorwe**, a new generation gamified experience platform that aims to provide two-way interaction between employees and human resources professionals,
- **WeWalk**, which offers smart walking sticks integrated with mobile devices,

- Saas platform **Roketfy**, which increases e-store sales and store performance in marketplaces,
- **Shippn**, which offers a cross-border cargo system that allows users to shop from anywhere in the world,
- **Cloud4Feed**, which provides a platform for businesses to receive user feedback,
- **Saha Robotics**, which develops robots used in indoor areas, vertical buildings and hotels integrated with elevators,
- **Tatildekiral.com**, where luxury housing, furnished apartments and homes with swimming pools and boats can be rented on a daily, weekly or monthly basis,
- **Fimple**, which provides pluggable, scalable services to all financial institutions.

ALBARAKA CULTURE, ART AND PUBLISHING

Albaraka Türk's nearly 40 years of experience and knowledge in the fields of culture, art and publishing has been institutionalized within [Albaraka Culture, Art and Publishing](#) ✨ which was established in 2018.

Albaraka Culture, Art and Publishing aims to reach readers and art lovers by maintaining moral and ethical concerns at the forefront with its social responsibility awareness. Albaraka Türk plays a key role in transferring our cultural and scientific heritage to future generations with the works it publishes. A wide range of publishing activities are carried out with a principled and contemporary perspective and nearly 200 new books had been offered to readers by the end of 2022 within this framework.

Albaraka Türk maintained its contributions to the world of art and culture through its main brand and subsidiaries in 2022. The fifth Albaraka Türk International Calligraphy Competition, which has become a tradition, was completed and the winners were awarded. An important contribution was made to the training of artists working in traditional arts. The Jerusalem book, the culmination of exhaustive study and research, was published as a prestige publication, and after intense demand, was published in an easy reading format and brought to the cultural world. The Albaraka Art Academy maintains its educational activities in the fields of calligraphy, illumination, marbling, miniature and tiles with a wide participation, and contributes to the training of dozens of students every year.



Human Capital

Albaraka Türk’s “human values” constitute the building blocks of its sustainable performance and are at the forefront of the elements which ensure its performance is sustainable.

The key components of the Albaraka Türk corporate culture and its reflection on human values

Giving value, open communication, agility, customer focus, cooperation and empowering leadership are Albaraka Türk’s cultural principles.

It is essential to be aware of how the behavior of bank employees fosters cultural principles, to develop their point of view and behavior in this direction, to provide constructive feedback in the event of behaviors which are contrary to the cultural principles and to offer appreciation to those behaviors which foster the cultural principles.



Albaraka Türk’s Human Resources Policy

In accordance with the purpose, vision, mission and corporate values of the Bank’s activities, the Human Resources Policy aims to employ qualified and talented personnel who have the qualifications needed at a national and international level and are specialized in their fields, to develop their qualifications and to ensure their stability, so employees carry out their activities effectively, quickly, safely and efficiently and with the right content.

Albaraka Türk’s recruitment policy, which is implemented within the framework of the Bank’s strategies and objectives, strives to understand the temperament and motivations of individuals as well as their competencies, and candidates are placed in areas where they can work most efficiently by prioritizing their personality traits.

The Young Albaraka Academy offers talented students who are still at university the opportunity to work part-time in the Bank. The young talented individuals discovered within the scope of the program both gain experience that will guide their personal careers and are placed in suitable positions in line with the Bank’s employment strategy.

The Deputy General Manager of Human Resources is responsible for the implementation, development and monitoring of Albaraka Türk’s Human Resources Policy determined by the General Directorate. This responsibility also covers the managers related to the fields they are in charge of.

Valuing, open communication, agility, customer focus, cooperation and empowering leadership are Albaraka Türk’s cultural principles.

Basic principles of Albaraka Türk’s Human Resources Policy

- Respecting the personality of the personnel and ensuring the protection of their rights regarding the business relationship,
- To ensure that the corporate culture is shared, to establish commitment to corporate values and culture, and to ensure that all personnel unite around common goals,
- Ensure that there are a sufficient number of employees suitable for the positions; to employ personnel with intellectual, professional knowledge and skills necessary and to ensure that the personnel work in accordance with the target of maximizing efficiency and profitability,
- To provide vocational training, growth and development opportunities to all personnel in accordance with the job to be performed,
- To provide an environment that will encourage personnel to think innovatively and develop new ideas and products,
- To strive to train personnel within the Bank for its executive and authorized staff, and to place priority on trained personnel from within the Bank in appointments to vacant positions,
- Developing communication procedures and principles in order to inform personnel on matters concerning themselves and to enable the personnel to convey their opinions and ideas to the managers easily,
- To create a working environment that will support the work motivation of personnel and to strive to develop social relations,
- To encourage personnel to achieve success, to develop practices which promote success and to reward outstanding personnel.



Human Capital

Appreciation and recognition for our work in the field of Human Resources

Four awards from the Brandon Hall Excellence Awards for Albaraka Türk's Human Resources, Administrative Affairs Management and Education and Career Management applications

Gold Talent Management and Gold Human Resources awards

The Bank was awarded two gold awards in the “Strongest Development in Social Impact Innovation” and “Strongest Development in Employee Participation” categories in recognition of the Bank's projects which make a difference in the sector and the high value it offers to employees.

Silver Learning and Development and Bronze Human Resources awards

Albaraka Türk received the "silver award" in recognition of its digital transformation training programs in education and development. Within the scope of the Flexible Benefits program, which allows employees to choose their fringe benefits, The Vitrin application received a "bronze award" in the area of employee satisfaction.

Great Place to Work

Albaraka Türk was also awarded the “Great Place to Work” certificate in 2022. The certificates are awarded annually by the Great Place to Work Institute. The Bank, which was included in the 2022 List of Best Employers, also won an award in the Finance and Insurance category.



PROVIDING EQUAL OPPORTUNITY AND AVOIDING DISCRIMINATION IS A FUNDAMENTAL AND UNCHANGEABLE HUMAN CAPITAL GOAL FOR ALBARAKA TÜRK.

In line with the principles of its Human Resources Policy, Albaraka Türk is committed to the following;

- Providing equal opportunity during recruitment,
- Ensuring fair work, improvements in labor standards and avoiding any discrimination on the basis of gender, religious belief, language, race, ethnicity, age, disability, immigration status in dealings with employees, suppliers, stakeholders and all other stakeholders.

While establishing its employment targets with the principle of inclusion and diversity, the Bank undertakes to ensure that up to three per cent of the number of positions are filled by disabled personnel in jobs suitable for their occupational, physical and spiritual conditions, pursuant to Article 30 of the Labor Law No. 4857. Demonstrating the value it attaches to “people” with the policies and practices of the “Human Resources Department”, the Bank offers its employees a wide array of financial and social rights and opportunities in addition to fundamental rights. In this context, the Bank offers the following;

Promotion increases, bonuses, premium payments, overtime and vacation work wages, foreign language allowance, per diem, travel expenses and relocation expenses, marriage, birth, clothing, children, road, food, health benefits, karz-ı hasen and compensation support for safe deposit boxes.

Demonstrating the value it attaches to “people” with the policies and practices of the “Human Resources Department”, the Bank offers its employees a wide array of financial and social rights and opportunities in addition to fundamental rights.

ALBARAKA TÜRK 2022 KEY HUMAN VALUES INDICATORS

YEAR	Indicator	Number of Employees or %
2022	Employees Entitled to Parental Leave (male)	127
	Employees Entitled to Parental Leave	45
	Rate of Employees Who Returned to Work Following Parental Leave	100%
	Employee Turnover Rate	17%
	Voluntary Redundancy Rate	8.7%
	Number of Newly Hired Employees	255
	Number of Newly Hired Male Employees	190
	Number of Newly Hired Female Employees	65
	Average Age of Newly Hired Employees	26.8
	Newly Hired Employees - Senior Executives	1
	Newly Hired Employees - Junior Executives	1
	Newly Hired Employees - Officers	223
	Number of Employees Who Left Work	478
	Number of Male Employees Who Left Work	397
	Number of Female Employees Who Left Work	81
	Average Age of Employees Who Left Work	35.6
	Number of Employees Who Left Work - Senior Executives	6
	Number of Employees Who Left Work - Mid-level Executives	7
	Number of Employees Who Left Work - Junior Executives	34
	Number of Employees Who Left Work - Other Level Employees	430
	Number of Employees Who Left Work - Other	1
	The Ratio of Female Employees in STEM Roles	24.5%
	The ratio of Female Executives in Revenue Generating Functions	4.7%

Indicator	Number of Employees
Senior Executives	12
Male	11
Female	1
Mid-level Executives	266
Male	265
Female	1
Junior Executives	405
Male	374
Female	31
Other Level Employees	2,003
Male	1,647
Female	356
Other	9
Male	9
Total	2,695



Human Capital

	Number of Employees	Average Age	University Graduation Rate	ABAT Seniority	Newly Recruited in 2022	Resigned in 2022	Male Employees	Female Employees	Retired Employees	Disabled Employees	English (TOEFL)	Other Foreign Languages
Senior Management	12	44.7	100%	16.4	1	6	11	1	1	0	0	0
Unit/Regional Manager	41	45.2	100%	16.4	0	0	40	1	0	0	0	0
Branch Manager	226	43.0	99.6%	15.7	0	7	226	0	0	1	0	0
Vice President	400	41.3	98.5%	14.5	1	34	369	31	4	5	22	3
Director/Specialist	1,647	36.4	98.8%	9.8	35	322	1,392	255	2	36	39	26
Assistant Specialist/ Authorized	360	28.1	90.8%	2.7	218	108	259	101	1	17	10	45
Auxiliary Personnel	9	40.8	0.0%	14.8	0	1	9	0	0	0	0	0
Total	2,695	37.0	97%	10.2	255	478	2,306	389	8	59	71	74

Total Number of Employees	2,695
Average Age	37.0
Male	85.6%
Female	14.4%
Average Seniority	10.2
Employee Turnover Rate	17%
Number of Expat Employees	26
Newly Hired Female Employees	65
Ratio of Newly Hired Female Employees/Newly Hired Total Employees	2.4%

Education	Breakdown (%)
Doctorate	0.26
Postgraduate	19.2
Undergraduate	63.8
Open Education Faculty Graduate	11
Associate Degree	3.2
High School	2.3
Elementary School	0.24

REMUNERATION AT ALBARAKA TÜRK

An approach that considers merit and performance

Albaraka Türk determines its remuneration policy with a merit-oriented approach. The Bank sets out its remuneration policies in accordance with the principles outlined below.

- The Remuneration Management System should reflect the Bank's corporate culture, mission and structure.
- It should be designed with consideration to the bank's budget figures and solvency.
- Pay practices should be fair and based on equal opportunity.
- Salaries should be open and transparent, supportive and following the performance system.
- Salaries should offer encouragement and support in career targets.
- Pay plans should be arranged in such a way that they do not encourage excessive market risk taking, and the overall pay policy should not conflict with the market risk strategy.
- The Remuneration process should be in line with the Bank's risk appetite, risk capacity, financial targets and long-term strategies, and the risk-reward balance in particular should be well established.
- The Bank's remuneration policy and performance criteria should not encourage sudden increases in the level of KKR (Counter Party Credit Risk) or excessive risk taking.
- Pay policy should not be excessively associated with the short-term profitability of the Bank.
- The pay policy should be in line with the long-term financial strength and capital adequacy of the Bank and should be set in a manner that avoids conflicts of interest.
- The Board of Directors at the Bank is responsible for approving the remuneration policy, reviewing it regularly, and overseeing its implementation.

An employer that listens to its employees and enriches their experience

The employee experience is an important priority area at Albaraka Türk. Employee experience practices listen to the voices of employees and contribute to the regulation and development of processes in line with their feedback.

Diversified feedback channels

Albaraka Türk listens to the opinions and suggestions put forward by its employees by using corporate mobile, mail, Skype, Microsoft Kaizala, WhatsApp and social media communication channels over GSM lines.

In addition to the communication channels listed above, which provide staff with the opportunity to offer feedback, an Employee Head event is organized for employees who have completed their first six months. Albaraka Türk personnel may also provide feedback through the Employee Committee Meetings, where employees are able to convey their demands through representatives elected by voting in events gathered annually, and the Performance Evaluation Process, which is held once a year.

Employees who provide successful solutions are rewarded, with their suggestions given attention on the platform called "Discover" created within Albaraka Türk.

The Explore Intra-Corporate Enterprise Program created within Albaraka Türk aims to increase the innovation performance of the institution and to enrich the culture of discovery. In this vein, the Free Idea Sharing Platform, BigBang, is a platform that encourages employees to generate and implement ideas which offer high innovation potential for the Bank or address areas which require development, and aims to turn these ideas into successful innovations.

Various aspects of the experience of bank employees throughout their working life, including the interviews, promotion, remote working and dining hall usage are measured through the eNPS (Employee Net Promoter Score), and new contact points are added every year.

Insights gained from employees' positive and negative experiences are evaluated together with all relevant stakeholders, with the aim of embedding the employee-oriented process improvement perspective throughout the Bank.

Welcome bags continued to be distributed to employees in 2022.

Albaraka Türk Exchange Assembly

The Change Council was formed within the Bank to consider the demands received from employees.

The Change Assembly provides the chance to evaluate the demands from employees in order to reinforce the collaborative working culture. Feedback is received at regular remote council meetings.



Human Capital

Work to promote the well-being of human resources

Albaraka Türk is committed to providing its employees with good working conditions and a peaceful working environment.

The Bank revised the remote working model, which it put in place during the pandemic in 2020, to a voluntary option so it was no longer compulsory in the post-pandemic period. The bank offers its employees a hybrid working model that includes flexible working locations and flexible hours.

In addition to the services of in-house doctors, nurses, psychologists and nutritionists provided through contracted companies, their services are now available online with the aim of providing employees with easier access to health services. The Bank also provides laboratory (analysis) services from home and at work through its contracted health institution. In addition, the Head Office building in Ümraniye, Istanbul includes a gym, which is open to the use of employees.

Workforce Transformation Project

The teams within the scope of the working group completed the Job Evaluation and Competence Dictionary studies in 2021. As one of the stakeholders of both sub-studies, the Human Resources Department both actively participated in the project and started to reflect the outputs of the studies to the business processes. New assessment center tools started to be deployed in 2022 with the aim of integrating the new competency policy into the culture in the recruitment and rotation processes.

The Employer brand "There's More" - A pioneer in its field

With the aim of integrating the Albaraka Türk employer brand "There is More" into the Company culture and communication language, the Bank aimed to continue the online branch and unit visits it carried out in 2021 as the pandemic was brought under control in 2022. Albaraka Türk aims to establish close contact with its employees, increase interaction and continue building the culture. In addition, it continues to benefit from the speed and convenience of the digital world, with some processes transferred to digital media in 2022, preventing paper waste and accelerating processes. The new personnel request process and recruitment paperwork processes have been completely transferred to the digital platform. The Great Place to Work surveys, which have been applied continuously for four years, measure the trust and satisfaction employees feel towards the institution. As in previous years, the company was once again awarded the title of Great Place to Work this year. The GPTW Confidence Index score for 2022 was set at 72.

Albaraka Türk revised the remote working model, which it put in place during the pandemic, to a voluntary option so it was no longer compulsory in the post-pandemic period.

Extending support to its employees in projects they carry out voluntarily, Albaraka Türk plans to start a mentoring program for university students with its employees who have received mentoring training, within the scope of the protocol signed with Sultanbeyli Municipality in the spring term of 2022.

Contribution to the employee value proposition

There are four clubs in Albaraka Türk that aim to contribute to the development of human resources in many aspects, especially socially and culturally.

The Healthy Life and Sports Club was established to introduce sport to the lives of employees, bring them closer to nature, to train athletes and help them fill their spare time in a healthy way. Employees participated in a wide array of activities, including nature walks, basketball and table tennis tournaments.

The Lifelong Development Club was established with the vision of encouraging employees to develop their creativity by directing them to research and be critical, and to be individuals who add value to the Bank and our country by acting with a sense of social responsibility. Many activities were organized, from reading activities to ceramic workshops.

The Culture and Art Club was established to help employees get away from their work stress, to help them develop their artistic aspects, to organize events in all branches of art and to keep our cultural values alive. Employees were offered many activities, including plays, concerts and information-culture competitions.

The Social Responsibility Club involves the organization of responsibility projects, events and aid campaigns and reaching out to people in need with the voluntary participation and support of Albaraka Türk employees.

INDICATORS OF TRAINING ACTIVITIES

Title Breakdown	Number of Persons	Total Training Hours	Training Hour per Employee
Manager	283	15,466.79	55
Specialist	1,085	62,861.52	58
Authorized	154	10,918.53	71
Below Authorized	212	8,453.27	40
Executive	1,047	59,558.61	57
Director	452	28,454.61	63
Total	3,233	185,713.33	

Gender Breakdown	Number of Persons	Total Training Hours	Training Hour per Employee
Male	2,722	153,085.30	56.24
Female	511	32,628.03	63.85
Total	3,233	185,713.33	

Age Breakdown	Number of Persons	Total Training Hours	Training Hour per Employee
Below 30 Years Old	663	47,746.52	72.02
30-50 Years Old	2,468	134,714.60	54.58
50 Years Old and Above	102	3,252.21	31.88
Total	3,233	185,713.33	

Increasing digitalization in educational activities

In 2022, a total of 185,713 hours of training was provided, equating to 66.1 hours of training per person. Approximately 70% of the training took place in the digital environment.

As the impacts of the pandemic began to recede, training programs were provided both in virtual classrooms and on a face-to-face basis in 2022.

The Education and Career Management Department placed priority on Digital Development and Foreign Language training in 2022. All personnel received training appropriate for their position, with Office training, Power BI, Data to Value Training Programs and Data Literacy, Python Programming, Data Manipulation, Exploratory Data



Analysis and Data Preprocessing, Object-Oriented Programming, SQL training provided. Accordingly, a total of 11,474 hours of digital development training was provided.

In addition, interactive English training programs were provided at the Head Office training classes with external trainers who are experts in their fields. In this context, our Foreign Language (English) education project was launched in September 2022 for 81 personnel and for 5 different levels (A1, A2, B1, B2 and C1).

Robotic processes in on-the-job training

As a result of robotic process automation, the orientation, training assignment and training follow-up of newly recruited employees is carried out by robots. The completion status of these assigned training is also followed by robots.

The Robotic Automation process has been developed at Albaraka Türk to follow the compulsory training programs which are provided in accordance with legal regulations. The completion status of the compulsory training for employees can be reported automatically to managers in the same way.



Human Capital

Albaraka Türk attaches importance to providing certificates to its employees through institutions, universities and training companies in order to increase the competence of its human resources.

Certification work to support for the development of professional and personal competencies

Albaraka Türk attaches importance to providing certificates to its employees through institutions, universities and training companies in order to increase the competence of its human resources. In this context, in order to support the continuous development of the professional and personal competencies of employees, the Bank continued to pay for the certification costs of employees qualified for national and internationally valid certificate types (CISA, CICS, CIA, ACAMS, CFE, SMMM, etc.).

As part of the Bank's efforts to increase the competencies of personnel at Albaraka Türk, the following certificates were awarded to employees through institutions, universities and training companies:

Certificate	Total Number of Personnel
Capital Market Licensing (SPL)	940
Individual Pension Licensing (BES)	897
Technical Personnel Qualification (SEGEM)	1,340
Basic First Aid	102

Albaraka Türk also encourages participation in national and international certificate programs within the scope of its efforts to support the professional development of human assets. In this context, 163 Bank personnel successfully completed the programs they attended in 2022, and received their certificates.

Postgraduate education programs and additional allowances for foreign language proficiency

Aiming to train well-equipped bankers and to ensure its employees are part of a high-performance team, Albaraka Türk continues to support its employees in graduate and foreign language training programs.

Virtual Classroom

In line with the digitalization process that the Bank is going through, the digital period and transformation continued in the education of the Bank's human assets.

In virtual classrooms, employees may communicate in both video and audio format online with the trainers, ask questions, take notes and reinforce their learning with the training evaluation questions carried out during the program.

During online training programs, trainers make the process interactive by conducting surveys with the participants. In addition, the recorded training sessions are shared with the participants, providing the opportunity to review the information.

The e.MOBILE+ App

Albaraka Türk's new mobile education app, e.Mobil+, was rolled out in 2022.

Steps were taken to ensure that the Albaraka Academy could be accessed from any location with training received on a 24/7 basis uninterruptedly as quickly as possible. The Albaraka Academy's "e.Mobil+" app ensured that personnel could acquire the benefits that will support their personal development while travelling, on their way home or to work, at home - in short from any location - and continue their education.

Digital Assessment Center applications

With the Digital Evaluation Center applications implemented at Albaraka Türk, administrative development areas of the candidates are determined objectively with support provided for their development.

Management and Unit/Regional/Branch Management candidates participate in assessment center applications online in a digital environment. Following the evaluation, one-to-one feedback is provided to the candidates the progress of the candidates followed and support provided.

A Performance management approach that focuses on sustainability

At Albaraka Türk, performance evaluations of human resources are carried out twice a year at six-month intervals. Performance is measured with numerical data for all regional sales and branch personnel.

Performance evaluation for employees in the Head Office and Regions is also calculated with numerical data (individual targets).

3D Performance Evaluation System

A 3-Dimensional Performance Evaluation system is implemented at Albaraka Türk. The system internalizes the 360 Degree Performance Evaluation system as well as the manager's evaluation of the employee (competency evaluation) and evaluation with numerical data.

With the manager evaluation forms, 3D evaluation allows employees to express their opinions about both the first manager and the second manager.

Business relationship evaluation forms help teams that are in a business relationship with each other to evaluate the service they receive and develop constructive suggestions. Colleague evaluation forms ensure that the personnel working in the same unit, region or branch evaluate each other. In order to monitor the evaluation results, Power BI screens were prepared and opened to all Head Office unit managers.

Potential assessment

With the potential evaluation, the managers conduct SWOT analysis by specifying the competency, knowledge, skills, training needs of their employees and their strengths and areas which require development. The purpose of the potential evaluation system is to reveal the strengths of the Bank's employees, identify the aspects that need to be strengthened and to transform these areas into strengths through various actions.

CAREER MANAGEMENT

Mentor Albaraka Project (MAP)

The Mentor Albaraka Project is aimed at sharing professional knowledge, supporting the personal and career development of employees and adopting corporate knowledge and cultural characteristics. Within the framework of the project, which is entirely voluntary, some interviews were conducted on a face-to-face basis with the majority carried out through online platforms. At the end of the project, certificates of participation and appreciation were given to the mentors and mentees for their contributions to the project.

MAP for branch manager candidates

The mentoring project aims to share professional knowledge, support and guide new branch managers (mentees) in their personal and career development by drawing on the experience of our experienced branch managers (mentors).





Human Capital

MAP For Executive Candidates

With the Mentor Albaraka Project, a mentoring program was carried out to support the career development of employees who participated in the “Management Workshop” training as service manager candidates.

Junior MAP

Under Junior MAP, newly recruited young employees provide mentoring to older managers.

Survey assignments were carried out on a completely voluntary basis, taking into account the criteria determined for mentor selection. The aim here is to gain an idea of changing mindsets in our developing world, the expectations of the younger generation, the use of social media and new business concepts in order to work more effectively with young employees, and support the integration of managers, most of whom are generation X, into the digital transformation. With reverse mentoring, the Y-Z generation has been given the opportunity to benefit from their ideas, thoughts and talents without even waiting for their graduation. This program, in which young Albaraka employees and young employees who have just started work offer mentoring to the managers, ensures that the students exist in the business world and that the managers understand the young generation and the business world of the future.

Determination of Knowledge and Skills

“Knowledge and Skills” has been determined to cover all employees in order to match the knowledge and skills gained through training, practice and experience in accordance with the duties at Albaraka Türk.

The results of this study were integrated into the Career Desk Platform, which is available to employees for detection, development and follow-up capability. Training and certificate programs have been prepared regarding the development areas identified throughout the Bank and training programs have got underway.

Manager Candidate Pool Studies

Albaraka Türk attaches importance to its internal dynamics and invests accordingly. In this context, the executives who will carry the Bank to the future are trained within the Bank as a result of meticulous evaluations. In 2022, “Manager Candidate Pool” studies continued with a focus on performance, potential and development, and six branch managers were appointed from within the institution.

Quality and Digital Technologies

Access and authorization

The principle of segregation of duties is observed in defining the screen and authorizations which Bank employees will need while carrying out their activities. In regard to the requested screen, flow step, document or any detailed authorization, authorization processes are carried out in line with the views of those responsible for the screen or process.

Quality management system

The quality journey, which started in 2004 with the philosophy of “Write what you do, do what you write” and continues with the understanding of “Turn the Culture of Excellence into a Lifestyle”, has been in practice for 18 years and is growing ever more effective with each passing day with the inclusion of new management standards.

Bank processes are scrutinized regularly every year with internal and external audits, and their compliance with Quality Management System standards is analyzed. The internal and external audit processes of the Quality Management System in 2022 were successfully completed, with the decision taken to extend the validity of the ISO 9001:2015 Quality Management System certification. Other ISO quality certificates held by the Bank are as follows:

- ISO 22301 / Business Continuity Management System Certificate
- ISO 27001 / Information Security Management System Certificate
- ISO 10002- 2014 / Customer Satisfaction Management System Certificate

Document Management System

Employees at Albaraka Türk may access the documents they need throughout their business cycle through the QDMS Document Management System, which is a digital platform, and may perform all of their transactions through the system. Information on documents that are updated, newly published or temporarily removed from the system are shared with the entire Bank in the form of an e-bulletin periodically every 15 days.

Robotic process automation studies

Robotic Process Automation (RPA) refers to the process initiated by the Bank to create value in areas such as Digital Culture Transformation and Internal Customer Experience, as well as secure gains in terms of cost, speed, the digital workforce and reducing error.

RPA is based on the integration of software into processes that automates complex, rule-based and decision-free tasks, just as a person would do in any application.

ALBARAKA TURK IN THE FIELD OF HUMAN RESOURCES IN 2023

Skill-based communication

Soft skills, which cover more relationship-oriented areas such as communication, emotional intelligence, teamwork, professional attitude and business ethics will be among the important qualities which the Bank will look for in future professionals.

Total well-being

The Bank will take a more proactive approach to well-being and resilience. In this context, it plans to develop an even more holistic approach to employee well-being that focuses on mental, physical and financial value.

Increasing the skills of leaders and managers is a critical step that will not only help Albaraka Türk only create value but also retain employees.

Further development of leaders and managers

Employees see their leaders as a reliable source of information. The leadership programs aim to develop social skills, including empathy and active listening. The Bank plans investments in leadership development plans and programs to build these skills, as well as training, mentoring, immersive on-the-job experience, and talent rotation strategies to accelerate exposure, experience and skills development.

Increasing the skills of leaders and managers is a critical step that will not only help Albaraka Türk only create value but also retain employees.

Rewarding and recognition practices

The Bank plans to update the performance systems to take account of the changing expectations of employees and the changes in the sector. The Bank will thus contribute to the retention of talent by taking into account pay practices along with modern approaches in the performance system.

Creating a company culture that people look up to

The Bank plans to go to much greater lengths to reach new talent by offering a system which is flexible, just and offers the recognition sought by talented individuals by undertaking the necessary reconstruction of the competencies and working disciplines of Artificial Intelligence technologies that will be included in business life, and the changing expectations of employees.

In addition, the Bank aims to develop its culture and increase interest in Albaraka Türk with practices that make a difference by using the widespread access power of social media.



Human Capital

OCCUPATIONAL HEALTH AND SAFETY

Albaraka Türk considers protecting the health and safety of all of its stakeholders, especially its human resources and customers, as an unwavering priority.

The Bank has implemented practices to monitor the occupational health and safety of its employees in its Head Office in Istanbul as well as in all its branches. Occupational Health and Safety activities within Albaraka Türk are carried out by the OHS Board. The OHS Board is responsible for the following;

- Determining the health and safety conditions required by Albaraka Türk and the measures and tools that will prevent any injury or illness that may arise due to the use of tools, equipment, machines or raw materials etc. used in the workplace,
- Fulfilling, implementing and checking the necessary tools and safety measures to be taken and the tools to be kept within Albaraka Türk to prevent work accidents, informing the employees of their requirement to comply with the procedures and conditions in this vein and informing employees of the necessary health and safety precautions,
- Carrying out activities aimed at preventing work accidents and occupational diseases by constantly processing the provisions of the relevant regulation.

The Albaraka Türk OHS Board convened on four occasions in 2022, at three-month intervals.

Employee representatives, employer representatives, occupational safety specialists, institution doctors and subcontractor representatives attended the meetings.

TSE COVID-19 Safe Service Certificate renewed

Albaraka Türk attaches the highest importance to the health of its human resources and society at all times and under all circumstances. From this point of view, a series of procedures, including protection and control measures, hygiene conditions, security measures and communication in difficult situations are implemented at the Head Office building in order to prevent any problems that may arise from the pandemic.

The bank became the first bank to receive the COVID-19 Safe Service Certificate from the Turkish Standards Institute as a result of the audits carried out with its distinguished work in all these areas.

In 2022, the requirements for the renewing the certification were fully met and the COVID-19 Safe Service Certificate was renewed.

Work carried out within scope of occupational health and safety activities...

The risk analysis assessments five Albaraka Türk branches, which were moved in 2022, were completed.

Within the framework of the Occupational Health and Safety Law No. 6331, the following activities were carried out at Albaraka Türk's branches:

- preparation of risk analysis,
- preparation of the emergency plan,
- creation of emergency teams,
- employee representative selection,
- creation of floor sketches,
- conducting evacuation drills,
- providing occupational health and safety training (first aid training, occupational health and safety training, emergency training)
- occupational health and safety needs assessment,
- Recommendations and notifications from official institutions and the Ministry of Health regarding the pandemic were followed continuously throughout the year and all measures were taken accordingly.

Periodic checks were carried out of the work equipment in the Head Office building in 2022.



The following training programs were offered to employees within the scope of Occupational Health and Safety and Emergency Management.

- occupational health and safety training (for employees whose training period had expired and had just started working)
- onboarding training (for new employees)
- training on actions to take in the event of a disaster in the workplace (for all employees)
- training of emergency teams' duties and responsibilities in emergency situations (to emergency teams)
- training of groups which require special policies in working life (such as the young, old, disabled or female employees)
- occupational health and safety board training (for board members)
- occupational health and safety employee representative training (for employee representatives)
- first aid training (for emergency first aid teams)

Emergency Activities

With the announcement published in the Official Gazette dated October 1, 2021 and numbered 31615, amendments were made to the "Regulation on Emergency Situations in the Workplace". In this context, the following measures were put in place at Albaraka Türk in 2022.

- All plans and practices related to emergencies have been added to the new emergency plan.
- Evacuation and escape plans on all floors throughout the building have been updated to include the details specified in the regulation.
- An evacuation plan has been developed for the ground floor of the Head Office Building, including all of the building and its annexes, building entrances and exits, assembly areas, work equipment, etc.
- Assembly area signs were revised by floor in the Head Office Building.
- Emergency teams were reorganized based on their current numbers and duties.
- A team leader was determined for each team.
- In order to ensure coordination between teams, the employee or employees responsible for the protection team were identified (one leader and one assistant).
- An employee is assigned to accompany elderly, disabled or pregnant employees and children in the nursery.

Occupational Health and Safety activities within Albaraka Türk, which has implemented practices to monitor the occupational health and safety of its employees in its Head Office in Istanbul as well as in all its branches, are carried out by the OHS Board.

Human Capital

- Training of emergency teams was carried out.
- Personal Protective Equipment and response equipment to be used in emergency situations were reorganized in accordance with the duties and numbers of emergency teams.
- Subcontractor employees, short-term jobs, visitors, and those who come for meetings and conferences were informed of building emergencies.

To ensure protection against any damages affecting customers, employees, assets, activities and systems of the Bank which could arise to the Albaraka Türk Headquarters and branches in the event of extraordinary and unexpected situations including disasters, acts of terrorism, economic crises, public uprisings, system damage, workplace actions or similar unexpected and extraordinary situations, emergency management activities were carried out with the aim of ensuring the security of employees, documents, computer systems and data.

Emergency training was provided to the emergency teams at the Head Office and the branches. An emergency drill was conducted at the Head Office and a drill report was prepared.

Emergency drills at all of our branch locations were managed centrally, and relevant drill reports were created.

ALBARAKA TÜRK OCCUPATIONAL HEALTH AND SAFETY DATA	Albaraka Türk Employees	Supplier Company Employees
Number of Accidents	5	5
Working Days Lost due to Accidents	7	153
Number of Work-Related Deaths	0	0
Total Lost Time (Hours)	56	0
Injury Ratio	0.26%	0
Number of Occupational Disease Cases	0	0

CONTRIBUTION TO EMPLOYMENT AND ECONOMIC WEALTH: SUPPLIER RELATIONS

Suppliers form an important link in Albaraka Türk's value and impact chain. By choosing to work with local suppliers whenever possible, the Bank contributes to the sustainable development of the Turkish economy.

Seeing the supply chain as an important channel for the dissemination of sustainability and ESG principles, Albaraka Türk also shares the expectations and standards in this context with its suppliers.

Responsible procurement practices

Within the scope of its business processes, Albaraka Türk works in cooperation with many suppliers from domestic and international markets.

The Bank conducts its relations with its suppliers, which it sees as a part of the value chain, in accordance with a series of corporate documents including Purchasing Procedure, Purchase, Sale, Construction, Rent, Service and Rental Regulations, the Supplier Information Form and the Supplier Evaluation Form.

Operating within the framework of the principle of full compliance with the law in every field, Albaraka Türk expects its suppliers to fully comply with the Bank's corporate values as well as the laws and regulations in place.

Albaraka Türk prefers suppliers that produce to international standards. In addition, the Bank contributes to the sustainable development of the national economy by selecting local suppliers in supplier selection.

Operating within the framework of the principle of full compliance with the law in every field, Albaraka Türk expects its suppliers to fully comply with the Bank's corporate values as well as the laws and regulations in place.

Albaraka Türk shares its expectations and standards with its suppliers within the framework of its sustainability and environmental policies. For products and purposes to be supplied, the Bank considers the following criteria in the selection of suppliers:

- Experience
- Management Skill
- Quality
- Price
- On-time Delivery Process
- Capacity Adequacy
- After Sales Service (Technical Competence)
- Product Efficiency
- Geographical Location

Long-term relationships with suppliers

Albaraka Türk has adopted the principle of developing long-term relationships with its suppliers. In this context, it takes into account many criteria, demonstrating the highest sensitivity in the selection of suppliers.

RATE OF PROCUREMENT FROM DOMESTIC SUPPLIERS		
Number of Domestic Firms	216	96.86%
Number of Foreign Firms	7	3.14%
Total	223	100.00%

A process followed by effective control mechanisms

Albaraka Türk attaches the highest importance to ensuring that suppliers adopt the Bank's values in every sense. Audits of suppliers are conducted in the context of human resources covering the following areas;

- The ID, social security entry, health report and professional qualification certificates of employees of suppliers who will work in the Headquarters building or branches are checked with documentation received before they start working.
- Social Security documentation belonging to employees of the suppliers working in their own place (such as production activities) may be obtained upon request.

Procurement contracts include provisions stating that the supplier will fully comply with all legislation in their work at the Bank, especially in respect to social security, and that any possible sanctions and penalties will be applied to the company if it fails to comply.

Albaraka Türk regularly inspects its suppliers on-site. Once a year, suppliers that provided services in the previous year are evaluated within the scope of the pricing policy, compliance with working criteria, reliability, prestige and product/service quality of the company. The Bank will terminate work with any company that falls short of a certain score.

Suppliers within the scope of support services may also be audited on-site by the Board of Inspectors.

Procurement contracts include provisions stating that the supplier will fully comply with all legislation in their work at the Bank, especially in respect to social security, and that any possible sanctions and penalties will be applied to the company if it fails to comply.

Social and Relationship Capital

Albaraka Türk integrates the needs of its stakeholders, including its customers, human resources, suppliers, shareholders, society and regulatory institutions into its service cycle to create an environment which is appropriate for its operations and investments.

Projects and applications which enrich the customer experience and increase loyalty

Banking customers demand a seamless omnichannel experience as well as affordable innovative products. To build a lasting advantage and maintain trust, banks need to gain and evaluate insights into the current and future needs of customers and learn how to meet them.

Albaraka Türk is focused on increasing customer loyalty with customer experience outputs. The loyalty campaigns which it has rolled out are aimed at deepening the financial relationship between customers and the Bank with products, services and even process designs implemented to respond to the demands, requirements and complaints received in the field and in line with the results of the research conducted by the Customer Experience Service. This process supports the delivery of products and services that meet the expectations of customers, and strengthens the added value that is produced and shared.

In 2022, Albaraka Türk implemented a wide array of developments, campaigns, brand collaborations and activities which increase customer satisfaction and enhance the experience offered to its customers through digital channels.



ALBARAKA TÜRK PROVIDES A CUSTOMIZED BANKING EXPERIENCE WITH TREND BANKING SERVICES FOR WOMEN AND YOUNG PEOPLE AGED BETWEEN 18-25.

Trend Banking

Trend banking, Albaraka Türk's banking model for young people, offers a range of benefits such as brand collaborations and free offers, with the aim of providing a privileged experience.

The Trend Banking service, aimed at customers between the ages of 18-25, organized long-term and short-term campaigns, raffles and brand collaborations aimed at customer acquisition and loyalty.

The campaigns, which continued throughout the year, were aimed at maintaining customer satisfaction and positioning Albaraka as the main bank for customers by prioritizing their needs.

Various sectoral campaigns in areas such as supermarkets, education and transportation are examples of campaigns organized within the scope of Trend Banking, with BinBin, EspressoLab and GastroClub being examples of brand collaborations.

Eflatun Banking

A launch campaign took place in March 2022 within the scope of Eflatun Banking, which includes products and services specific to women. The first 1,000 customers to purchase a Magenta credit card received Eflatun Welcome Kits, which included products such as a lilac designed cup, pens and a cloth bag.

During the year, campaigns were also organized for brands and sectors where women are more likely be interested in and shop, with sectoral campaigns in areas such as cosmetics, markets and car rental, as well as collaborations with brands such as b-fit, which offers gyms for women, and Muzipo, which offers mobility and entertainment for children.

More than 50 specially designed campaigns

In 2022, more than 50 campaigns were organized for the Trend, Eflatun, individual and business credit cards.

As a result of the marketing activities carried out to increase the number of credit cards and promote the use of credit cards in 2022, the number of customers using credit cards increased by 25% while the turnover of credit cards increased by 124%.

During the year, six lottery campaigns were organized under different areas including Magenta, Trend, Direct Debit payments and the Mobile Branch, and hundreds of prizes were presented to customers.

In order to enhance customer satisfaction, gift kits containing various products such as designed cups, Turkish coffee, pens, notebooks, cloth bags and cologne were distributed with Eflatun given as a gift to SME and Special Segment customers.

Within the scope of the value proposition offered to the spending of individual credit card customers in different sectors in 2022, the Bank aims to capitalize dormant customers and bring products to existing customers who do not have cards. To this end, Worldpuan and Cashback campaigns took place in a variety of sectors including clothing, food, fuel, health, accommodation and transportation. By keeping track of the sectors where expenditures tend to take place on a monthly basis, credit card campaigns were carried out in line with the periodic needs of customers.

Individual and commercial customers gained access to financing through financing campaigns offering preferential pricing; the Bank's customers were assisted in their adaptation to changing economic conditions and their cost management processes. Housing, consumer and vehicle financing campaigns organized in the first quarter of the year were targeted at helping Albaraka Türk customers meet their individual financing needs through appropriate rates and maturity options.

Just for SMEs

Albaraka Türk continued to carry out Business Card campaigns with high value propositions, taking into account the basic raw material purchases of SME customers and their needs within the sectors they operate in.

The SME Support Campaign facilitated access to finance for micro and SME customers, helping them to meet their basic banking needs with a wide range of products and services.

Social and Relationship Capital



Customer satisfaction is everything!

Albaraka Türk continues its banking activities by focusing on customer satisfaction. The Bank continued to direct its digital banking activities starting from this focal point in 2022.

In 2022, surveys were conducted at many contact points throughout the Bank. When the results were evaluated, it was found that overall customer satisfaction at Albaraka Türk had increased when compared to the previous year. The overall NPS increased from 35.2 in 2021 to 46.4 in 2022, an increase of 11 points.

Also in 2022, the Bank also received the Diamond Award among the Brands Providing the Highest Customer Satisfaction in the Participation Banking Category at the sikayetvar. com (Şikayetvar Bilişim A.Ş.) ACE Awards. Albaraka Türk achieved the highest score among participation banks on the platform, where customer complaints are evaluated.

TRANSPARENT AND ACCOUNTABILITY-BASED RELATIONS WITH STAKEHOLDERS

One of the main elements of Albaraka Türk’s sustainability approach is to set accountable, traceable and transparent integrated targets and periodically present the progress it has achieved in this context for the consideration of its stakeholders.

The Bank is actively engaged in communication and interaction with stakeholder groups, and this process takes place through different platforms.

Albaraka Türk attaches tremendous importance to being in sustainable dialogue with its stakeholders.

- Determining and updating the corporate strategy,
- Creating and updating policies in different fields,
- Development of corporate responsibility projects,

and many similar subjects and fields which are considered as valuable and guiding inputs.

Albaraka Türk has developed strong communication and interaction channels for its stakeholders by using the opportunities offered by its digital infrastructure.

Stakeholders	Communication Channels	Material Issues
Shareholders	Investor Presentations, Investor Trips, Investor Activities, General Assembly, Annual Report	Economic Performance Market Presence Indirect Economic Impact Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption
Rating Agencies	Credit Rating and Corporate Governance Compliance Rating Reports	All material issues
Employees	Internal Communication Channels, Professional and Personal Development Programs, Activities for Employees' Families	Economic Performance Market Presence Indirect Economic Impact Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption Occupational Health and Safety Human Rights
Affiliates	Internal Communication Channels, Professional and Personal Development Programs, Activities for Employees' Families	Economic Performance Market Presence Indirect Economic Impact
Customers	Advertising Campaigns, Complaint and Suggestion Handling Channels, Field Research Team, Ethnographic Field Research Based on Qualitative Methods	Digital Transformation Customer Health and Safety Cybersecurity/Information Security Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption

Stakeholders	Communication Channels	Material Issues
Suppliers	Procurement Procedure, Purchasing, Sales, Construction, Rental, Services and Bidding Regulations; Supplier Information Form, Supplier Evaluation Form	Sustainable Supply Management Procurement Practices Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption Occupational Health and Safety
International Financial Institutions	Corporate Promotional Materials, Memberships, Representation at Events, One-on-one Visits and Exchanges	Economic Performance Market Presence Indirect Economic Impact Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption
Associations	Corporate Promotional Materials, Memberships, Representation at Events	Economic Performance Market Presence
Media	Press Releases, Visits aimed at Press Members, Leadership Communication, Social Media Channels	Economic Performance Market Presence Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption
Public	Activities aimed at Full Compliance with Laws, Events Supporting Public Activities	Economic Performance Market Presence Occupational Health and Safety Human Rights
National and International NGOs and Institutions	Sustainability and CSR Partnerships & Reports	Economic Performance Market Presence Indirect Economic Impact Anti-corruption Emissions Energy Management Use of Natural Resources Water Consumption Occupational Health and Safety Human Rights



Social and Relationship Capital

ALBARAKA TÜRK'S MEMBERSHIPS AND REPRESENTATIVE PLATFORMS

Albaraka Türk is strongly represented in national and international professional platforms, reinforcing its respected position on the global finance stage and its corporate reputation with the support it extends to environmental and sustainability-oriented initiatives.

Contribution to Turkey and the Albaraka Türk brand

Albaraka Türk's participation in national and international initiatives contributes to the Bank's brand value, as well as to Turkey's promotion and image.

Activities carried out within the scope of memberships and platforms represented positively reflect the prestige of Albaraka Türk and support the development of professional competencies and raising awareness. Memberships, which allow communication and relations with stakeholders from different regions and cultures, also support the perceptions about the improved level of development our country has reached in the field of participation banking.

Memberships

- Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
- General Council for Islamic Banks and Financial Organizations (CIBAFI)
- Institute of International Finance (IIF)
- Islamic Financial Services Board (IFSB)
- Participation Banks Association of Turkey (TKBB)
- United Nations Global Compact (ABG Membership)

Supported Initiatives

- Borsa Istanbul Sustainability Index
- Carbon Disclosure Project
- Science Based Targets Initiative
- United Nations Sustainable Development Goals

Adopting sustainability as the main business model for Turkey's qualified development, Albaraka Türk is expanding its total value with the projects it has implemented within the scope of corporate responsibility, which it defines as an integrated element of the business model.

CORPORATE RESPONSIBILITY

Providing social contribution with responsibility projects

Adopting sustainability as the main business model for Turkey's qualified development, Albaraka Türk is expanding its total value with the projects it has implemented within the scope of corporate responsibility, which it defines as an integrated element of the business model.

In line with its mission of supporting Turkey's sustainable development in 2022, Albaraka Türk implemented a series of projects for education, health, environment and sensitive groups. Within the scope of its corporate responsibility activities, the Bank continued to offer scholarships to undergraduate and doctoral students, extended health support to those in need and support for the purchase of technological equipment in schools.

With these projects, the Bank contributes to increasing good practices in the business world, touching the lives of more people and developing an ecosystem based on sharing the value produced.

An example of inclusion

In cooperation with the Turkish Foundation for Waste Prevention (Turkey Grameen Microfinance Program-TGMP), Albaraka Türk provided TL 5,000 in micro-credit 100 micro-ventures managed by women entrepreneurs. In the Social Impact Analysis prepared by Social Value UK in 2021, it was calculated that each TL 1 of support provided by the Turkey Grameen Microfinance Program created a social impact of TL 4.05; with the support that Albaraka Türk extended to micro-entrepreneurial women in 17 different cities in the Aegean, Central Anatolia, Black Sea and Eastern Anatolia regions, a social impact of TL 2,025,000 was created.

The social value created by TGMP and the social return on investment was measured by the Impact Investment Platform (Etkiyap). The report analyzed the investments undertaken by TGMP and institutions providing funds to TGMP, as well as micro-entrepreneurs.

The results of the analysis found that the positive effects included the expansion of the social circle, increased purchasing power, improved family relations, respect from others, increased self-confidence, increased emotional well-being, increased professional well-being, improved social life and improved ability to cope with financial problems.

The first graduates of the "We Teach Our Children Coding" Project

The "We Teach Our Children Coding" Project organized by Albaraka Türk produced its first graduates in 2022.

At the end of the twelve-week program, children who successfully completed the coding training were presented with certificates and gifts. The children provided an entertaining introduction to coding by preparing games and animations with a training program, the curriculum of which was prepared by a total of eight trainers, three of whom were from within the institution with five from Albarakatech Global.



The project, involving the children of Albaraka Türk employees, aimed to support the development of children, ensure they are better prepared for the future and to gain competencies that will keep up with the demands of the time. The "We Teach Our Children Coding" project sets an example for similar projects to be implemented in the future. Albaraka Türk plans to continue its educational projects in the upcoming period.

Support for the homeless

In order to support the regular meal distribution activities carried out every evening for the homeless in the Taksim region of Istanbul being carried out by the "Salt in your soup" Association, Albaraka Türk covered the cost of food packages for one month.

In this context, food packages containing soup, a main course and an additional meal/ dessert/fruit were distributed to an average of 150 homeless or hidden homeless people per day.

Contribution to Turkey's forest wealth with 5,000 trees planted

With the cooperation of ÇEKUD and TEMA Foundation, more than 5,000 trees were planted in the soil.

Within the scope of the income generation model, a Pistachio Plantation Area was created in Kilis, and 1,000 pistachio tree seedlings were donated. Once these saplings, which will be nurtured by the farmers on their own land, start bearing nuts, they will earn the income from the sale of the nuts.

Within the scope of environmental restoration activities, 3,500 pine saplings were also donated.

The "We Teach Our Children Coding" Project organized by Albaraka Türk produced its first graduates in 2022.

Social and Relationship Capital

PROJECTS IN DIFFERENT FIELDS

In 2022, Albaraka Türk,

- Granted scholarships to a total of 1,807 students, including 1,737 undergraduate and 70 doctoral students, through the Bereket Foundation.
- Supported the establishment of a robotic coding and arduino class at the Bayrampaşa Science and Art Center.
- Provided support in the form of books to universities, local libraries and foundations.
- In March 2022, a full-fledged "Reading Room" was created for the Islamic Economics and Finance Department, opened within the body of KTO Karatay University in 2016.

The reading room has also served as a mini-library open to students and academics, in addition to the area where the theses are displayed and where students may make the case for their thesis on Islamic Economics.



The project also involved the purchase of devices including computers, laptops and projectors for certain events planned to take place in the allocated area. In terms of the traceability of the project, a plaque was displayed explaining that the furnishing was carried out with the contributions of Albaraka Türk.

- The Bank provided various forms of support such as hearing aids, prostheses, oncology drugs and surgery expenses for people in need suffering from health problems.
- The Bank also supported the Turkish Red Crescent's humanitarian support following the floods in Pakistan.

Highlights from activities of Albaraka Türk Social Responsibility Club in 2022

- A library was established in a village school in Sivas, with support in the form of books being provided.
- A waste collection event was held the Aydos Forest in Istanbul.
- Visits were conducted to 20 children with cancer at the Cerrahpaşa Hospital and gifts were given.
- Food was distributed to 150 homeless people in cooperation with the Salt in your Soup Association, with boots and winter coats donated to 200 homeless people.
- Household goods support was extended to those of insufficient financial means.
- Club members were provided with two training courses on how to behave with the vulnerable groups they may encounter within the scope of activities.

Albaraka Türk maintains its contributions in the fields of society and the environment with its clubs and through the non-governmental organizations it cooperates with.

Social assistance, environmental responsibilities and opportunities provided to entrepreneurs are carried out in this direction. Communication studies are carried out and productions are prepared in to raise awareness on environmental and social responsibilities.

ALBARAKA TÜRK'S SPONSORSHIPS IN THE 2022 ACTIVITY PERIOD

- Üsküdar Book Fair
- Karagöz Hacivat Online Show (Artist Emre Turanlı)
- AAOIFI 20th Shari'ah Conference Event
- Turkey Algeria Business Forum
- Children's Cinema School Project
- Mercy to the Worlds Short Film Competition
- Art Academy
- TÜYAP Book Fair Participation
- Boğaziçi University Engineering Club Career Summit
- AAOIFI 17th Annual Islamic Banking

The Albaraka Türk "Time to Pray" Calligraphy Collection Exhibition

The award-winning works of the "International Albaraka Turkish Calligraphy Competition", organized under the leadership of Albaraka Türk, were brought to art lovers at the Taksim Mosque Exhibition Hall.

The Calligraphy Exhibition, under the title of "Time to Pray", consists of the award-winning works of the 5th International Albaraka Turkish Calligraphy Competition held with the theme of prayer. The opening protocol, which exhibited 16 works prepared by international calligraphy artists, was held with the participation of art lovers and members of the press.

The International Albaraka Türk Calligraphy Competition, organized by Albaraka Türk boasts one of the largest collections of calligraphy. The competition draws hundreds of artists from dozens of countries every three years with different themes.




International Albaraka Turkish Calligraphy Competition - "Celi Sülüs" First Prize Winner -Nilüfer Kurfeyz

Calligraphy is an art that combines meaning and aesthetics. Albaraka Türk has been supporting the art of calligraphy for nearly 20 years. In addition to the art of calligraphy, the Bank attaches importance to the preservation and promotion of Islamic arts such as illumination, miniature works, tile and marbling, increasing interest in these arts and supporting artists. The Albaraka Turkish Calligraphy Competition is considered to be one of the most prestigious events of its kind in the world.

The jury of the competition, in which nearly 200 works from 16 countries, including the USA, Russia, Spain, Bosnia and Herzegovina and Egypt were judged, was composed of experts in Islamic arts.

Natural Capital


Albaraka Türk is committed to minimizing the use of natural resources and the impact of its operations on nature. The Bank is determined to optimally use and protect its Natural Capital by targeting resource efficiency and excellence in environmental performance. Albaraka Türk constantly measures and manages the impact of its service cycle and activities on the environment, and takes the necessary measures to reduce energy, water and material consumption.



FINANCIAL PRODUCTS AND SERVICES INTERACT DIRECTLY AND INDIRECTLY WITH THE ENVIRONMENT.

SUSTAINABLE BANKING PROGRAM

Within the scope of Albaraka Türk's Sustainable Banking Program, the Bank works in cooperation with all of its stakeholders for a livable world. The Bank, which closely monitors the work carried out in the world within the scope of the climate crisis, evaluates natural capital within the scope of its targets and actions and plays a leading role among participation banks.

Albaraka Türk's [Environmental Policy](#)  sets out the main framework for the Bank's efforts to protect and develop natural capital.

Albaraka Türk's Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), TSE COVID-19 Safe Service Certificate, Zero Waste Project and a host of other activities demonstrates the Bank's sensitivity to the environment and in the use of world resources, and its contribution to the goal of leaving a livable environment for future generations.

To draw attention to the climate crisis, Albaraka Türk has been participating in the "Earth Hour" event, in which WWF has called for the lights to be turned off for one hour on the last Saturday evening each March since 2007. On March 26, 2022, Albaraka Türk supported the call by turning off all the lights in the head office building between 8:30-9:30 that evening.



ISO 14001 Environmental Management Systems

Albaraka Türk carries out its environmental sustainability activities within the scope of ISO 14001 Environmental Management Systems.

Aware that its products and services interact with the environment, the Bank focuses on contributing to efforts to tackle the global climate crisis by minimizing the environmental impact of this interaction.

Considering sustainability efforts as an integral component of the corporate culture, Albaraka Türk is a pioneer among participation banks in the field of environmental sustainability.

The Bank carries out a wide array of projects in line with its environmental sustainability goals.

The only participation bank to be included in the BIST Sustainability Index since 2019

Albaraka Türk is included in the BIST Sustainability Index, which is composed of companies with high corporate sustainability performances and whose shares are traded on Borsa Istanbul.

The companies in the index are determined on the basis of the main titles of environmental policy, environmental management systems, biodiversity policy, climate change management, board structure, anti-bribery policy, anti-bribery systems, human rights policy, human rights systems and health and safety systems.

Albaraka Türk, which has been traded in the index since 2019, undertakes continuous improvements and developments in line with index rules, international regulations and best practices. Having internalized sustainability in its daily service cycle, Albaraka Türk aims to spread the requirements of the concept of sustainability to all stakeholders and encourage their adoption. Albaraka Türk works to leave a cleaner environment to future generations, to maintain a safe and fair business environment in line with ethical principles and to maintain a more robust financial structure.

The Bank has designed its business model in accordance with the Environmental Social Governance (ESG) System and has linked its activities to the United Nations 2030 Sustainable Development Goals (SDGs) in the context of contribution.

Natural Capital

Declaring its commitment to the Science Based Targets Initiative (SBTi) of 2021, Albaraka Türk will announce its emission reduction targets in the coming period.

Sustainability indices are on the radar of investors seeking to invest in companies that adopt sustainability and ESG criteria and these investors play a decisive role.

The Bank's inclusion in the BIST Sustainability Index reveals Albaraka Türk's perspective and commitments on sustainability issues.

LEED GOLD Green Building Certified Headquarters

Albaraka Türk's state-of-the-art Head Office Building is Turkey's first LEED GOLD certified Bank Headquarters building. The document was obtained within the scope of the studies that commenced in 2016. Albaraka Turk was found eligible to receive this certificate on the basis of criteria such as its carbon footprint, water and energy efficiency, environmental sensitivity of materials and resources used, internal environmental quality and innovation.

An active participant of the Carbon Disclosure Project (CDP)

Aiming to collect and share information that will enable companies, investors and governments to take action against the threat posed by climate change, in 2017, Albaraka Turk responded to the climate change survey of the CDP, which is considered the most comprehensive and prestigious environmental project in the world. The Bank has also been responding to the water and water safety survey since 2018.

ALBARAKA TÜRK'S CDP PROCESS


Within the scope of the CDP in 2018-2022, Albaraka Türk shared;

- Scope 1, 2 and 3 greenhouse gas emission calculations and verification for the period.
- Climate Change risks, opportunities and targets
- Water Management risks, opportunities and objectives
- Calculations and verification of water consumption for the period
- Responses to the CDP Climate Change Survey
- Responses to the CDP Water Safety Questionnaire

ALBARAKA TÜRK'S CDP SCORES

2018	2019	2020	2021	2022
CDP Climate Change Questionnaire	CDP Climate Change Questionnaire	CDP Climate Change Questionnaire	CDP Climate Change Questionnaire	CDP Climate Change Questionnaire
Climate Change C	Climate Change B	Climate Change A-	Climate Change B-	Climate Change B
CDP Water Security Questionnaire C	CDP Water Security Questionnaire B-	CDP Water Security Questionnaire B-	CDP Water Security Questionnaire B-	CDP Water Security Questionnaire B

ZERO WASTE PROJECT

The Zero Waste Project  initiated by the Ministry of Environment, Urbanization and Climate Change aims to prevent waste, use resources more efficiently, reduce the amount of waste generated and recycle waste.

Highlights from projects implemented by Albaraka Türk within the scope of Zero Waste Project

The reprogramming of copiers has prevented unnecessary print requests being sent to the printer and subsequently being forgotten about, or sent again. Double sided printing is set by default.

Waste paper is referred to authorized recycling facilities.

In order to prevent waste batteries from contaminating nature, batteries are collected separately in the Head Office building. In this context, approximately 65 kg of waste batteries were sorted and delivered to TAP (Portable Battery Manufacturers), the official waste collection authority, in 2022. Cardboard boxes used in the transportation activities of the Headquarters building are used approximately 15 times, and cardboard boxes which have completed their useful lives are referred to municipal recycling facilities.

Periodic maintenance work for vehicles, equipment and fixtures was carried out regularly, thus supporting the long-term use of equipment.

Albaraka Türk contributed to the Zero Waste Project by saving a significant amount of paper in 2022 through its digital transformation process.

Projects to reduce energy consumption

Electricity consumption at the Bank's Head Office was reduced by 29% in 2022 as a result of work carried out in the Head Office building, such as covering exteriors with window film, regulating lighting systems and the duration of lighting, adjusting the heat settings in the thermostats and regulating the operation periods for heating and cooling systems. The amount of energy saved was approximately equivalent to the electricity consumption of 450 households.

The Head Office building was designed in such a way to utilize daylight to the highest level. In this way, it was possible to both reduce the amount of energy used on lighting and to use the positive effects of daylight on the employees in indoor spaces. Highly efficient lighting fixtures are used in the building and low-mercury fluorescent bulbs are selected.

In 2022, an ASHRAE Level II energy audit was carried out at the Head Office building and the feasibility of various energy efficiency investments was calculated.

Measures to reduce water use

Water saving devices are placed on taps in the Head Office building, increasing water pressure and providing the same effect with less water. This measure paved the way for 20% savings in water consumption.

The water needed in green areas is met by a drip irrigation system and fountain method by using artesian water, contributing to the efficient use of water. Waste water used in the toilets and sinks at the Head Office is purified with the Gray Water project and used in reservoirs again.

Plant species which require relatively little water and are suitable for the climatic conditions of the region are used in the green areas and landscaping around the Head Office.

Air conditioning and measures to ensure clean air

By using high efficiency filters in air conditioning units, outside air is cleansed of dust, dirt and toxic gases and enters the Headquarters building. The freshness of the air entering the building exceeds international standards. Air conditioning units supplying fresh air are monitored over the automation system, and the rate of fresh air supplied is kept under constant control. "No smoking" signs are placed at points where there is a risk of cigarette smoke entering the building.

The amount of refrigerant gas in the equipment used in the Albaraka Türk Head Office building is within the GWP and ODP values.

Measures within the scope of office cleaning

Sustainable cleaning materials are preferred for cleaning the office floors in the Head Office building with cleaner, safer, healthier environmentally sensitive products used. In order to reduce the amount of dust carried on shoes of employees and visitors, there are polyamide surface, dust and moisture absorbing mats at least 3 meters long at the building entrances. On the other hand, within the scope of combating possible pests, pesticides approved by the Ministry of Health, General Directorate of Primary Health Care Services are used which respect nature.

An environmentalist approach to service vehicles and personnel transportation

The number of marketing tools used at Albaraka Türk has been greatly reduced, resulting in a decrease in the amount of exhaust gas emissions.

A vehicle tracking system has been installed on branch marketing vehicles; after-hours vehicle usage was followed in detail and reported to regional/branch managers, thus raising awareness of out-of-service use of marketing tools and reducing fuel consumption as a result.

Personnel shuttle vehicles are used to transport Head Office employees to work. This use of public transport helps reduce carbon emissions.

Albaraka Türk places priority on environmentally friendly products within the scope of its purchasing activities.



Natural Capital

PRODUCTS WHICH CONTRIBUTE TO NATURAL CAPITAL

The Albaraka Türk Gray Water/Environmental Loan

Albaraka Türk offers customers the Gray Water/Environmental Loan, which combines its innovative product approach and environmental responsibilities. The Gray Water Loan Project aims to finance projects carried out to reuse the recycled water obtained from gray water in areas such as reservoir feeding, garden irrigation, vehicle washing, rough cleaning, cooling tower feeding and laundry.

The product's target audience includes individual and commercial customers who need financing for their system and environmental projects in this area for purposes such as contributing to sustainability, water efficiency, energy efficiency, environmental awareness of materials and resources, indoor and outdoor building environmental quality, recycling and preventing waste of resources. Within the scope of the Gray Water/ Environmental Loan, Albaraka Türk offers its customers the opportunity of grace periods and long-term, profit rate reduction, and contribution financing.

In addition, Albaraka Türk will continue to provide sustainable finance-based products such as renewable energy financing and roof-top solar power projects.

Sustainable Credit Allocation Project

The main responsibility of the banking sector in contributing to the resolution of the climate crisis is to internalize ESG risks in credit evaluation processes.

Continuing its efforts in this vein, Albaraka Türk carries out the Sustainable Credit Allocation project. The infrastructure work carried out to measure the ESG risks of projects to be financed in pilot sectors was completed in 2022.

The first sustainable/green lease certificate issuance

One of the issues that Albaraka Türk will focus on most in 2023 will be sustainability. In 2022, the Bank started to work on sustainable/green finance themed issues. The Bank aims to issue the first sustainable/green lease certificate in due course.

Albaraka Türk presses ahead with its initiatives to plan its operational activities in consideration of ESG indicators.

OPERATIONAL IMPACTS - KEY INDICATORS

Albaraka Türk manages the environmental impacts arising from its operational activities within the scope of Environmental Management Systems.

Use of resources such as electricity, water and natural gas in the activities carried out at the General Directorate is systematically monitored.

CO₂ emissions arising from operational activities are calculated according to international standards, and projects to reduce emissions are developed and implemented by the relevant units.

The infrastructure work carried out to measure the ESG risks of projects to be financed in pilot sectors was completed in 2022.

ALBARAKA TÜRK'S CARBON FOOTPRINT

Year	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 3 (tCO ₂ e)	Scope (1 & 2) (tCO ₂ e)	Total
2022	4,036.68	5,942.19	92.10	9,978.87	10,071
2021	3,776.63	5,771.72	150.54	9,548.35	9,698.89

2022 GREENHOUSE GAS EMISSIONS

SCOPE	Emission Source	tCO ₂ e
SCOPE 1	Heating	
	Natural gas	1,441.70
	Diesel	9.67
	Vehicles	
	Gasoline	7.02
	Diesel	1,707.65
	A/C	837.19
	Generator	33.45
	Scope 1	4,036.68
	Scope 2	5,942.19
SCOPE 2	Electricity	5,942.19
SCOPE 3	Scope 2	5,942.19
	Travel	31.29
	Paper	60.81
	Scope 3	92.10
TOTAL		10,071

ALBARAKA TÜRK'S WATER FOOTPRINT (M³)

2022	44,771.95
2021	34,090.51

NATURAL CAPITAL USAGE DATA

Total Electricity Consumption (MWh)	
2022	14,186 MWh
2021	13,807 MWh
2020	15,068 MWh
2019	16,245 MWh
2018	15,631 MWh
2017	15,366 MWh

Total Paper Consumption (tons)	
2022	77.5

WASTE DATA (Head Office)

Type of Waste	Weight
Electronic Waste	1,170 kg
Paper	8,742 kg
Mixed Waste from Floors	5,448 kg
Cafeteria Waste	3,354 kg
Cooking Oils	297 kg
Total	19,011 kg

The Head Office produced approximately 19 tons of waste for the year 2022, and recycled about 10 tons.

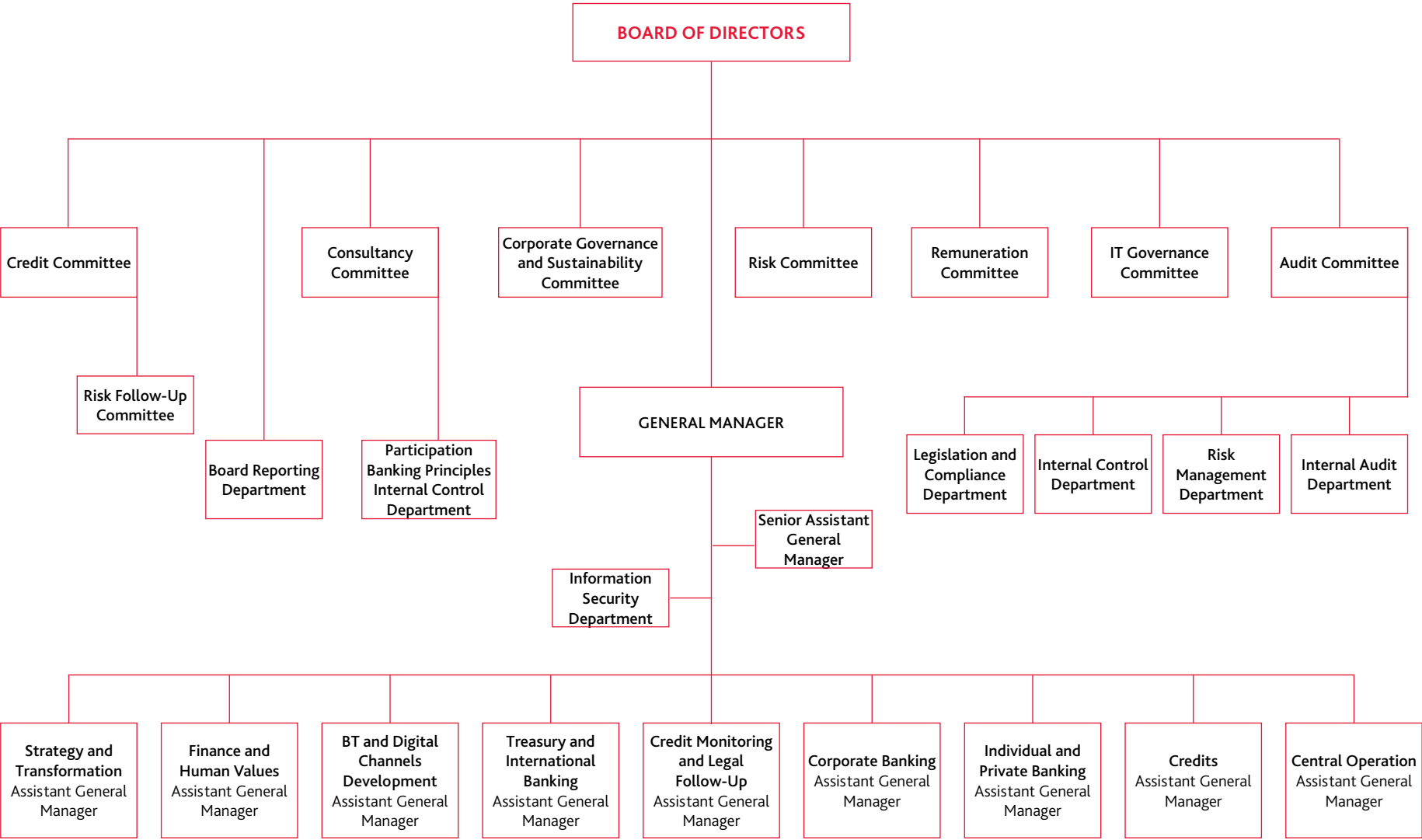
Reported Environmental Penalties

No lawsuits were filed by or against Albaraka Türk in respect to environmental issues (environmental pollution, etc.).



Management and Corporate Governance Practices

Organization Chart



Board of Directors



Housseem Ben Haj Amor
Chairman

In 1997, he received his bachelor's degree on Accounting and Finance from Higher Institute of Accounting and Business Administration (Tunis). He started his professional career at Andersen then he served as the Head of Accounting at Societe Generale banking group. He served as the General Manager of the SHUAA Capital, one of the leading investment banks in the GCC. He served as the CFO of Amlak Finance BA. He is a certified public accountant and, he serves as the Chief Executive of the Al Baraka Group B.S.C.. Housseem Ben Haj Amor who has served at board of directors of several banks as well as financial institutions, has over 23 years of experience in the Finance industry across the GCC, Europe and North Africa.

Chairman of Credit, Remuneration and Nomination and Risk committees.



Dr. Bekir Pakdemirli
Deputy Chairman (Independent Board Member)

He received his bachelor's degree from Bilkent University, Department of Business Administration, and his master's degree from Başkent University, Department of Business Administration, which is followed by his doctorate studies in Economics at Celal Bayar University. Throughout his professional career over 20 years, he held senior management positions in significant national and international companies including Turkcell İletişim Hizmetleri A.Ş., BİM Birleşik Mağazalar A.Ş. and our Bank. In July 2018, by the Presidency of the Republic of Türkiye, he has been appointed as the Minister of Agriculture and Forestry. Dr. Pakdemirli who has served as the Minister of Agriculture and Forestry of the Republic of Türkiye until March 2022, has been elected as an independent member the board of directors of our Bank in August 2022.

Member of Audit Committee.



Mustafa Büyükbacı
Board Member

He graduated from Boğaziçi University, Department of Industrial Engineering in 1984 and earned his master's degree in the same field in 1987. He then worked as a research associate at the same department. As of 1989, he has assumed managerial duties in capital markets and investment companies. He held senior management positions in various companies under Yıldız Holding, including Taç Investment Trust, Family Finance, Bizim Securities. He served as a member of the board of directors at Borsa İstanbul A.Ş. and BİM Birleşik Mağazalar A.Ş. As of the end of 2010, he established his own investment company and still deals with agriculture, livestock, real estate and capital markets investments under his own investment company. He also serves as the Vice Chairman of the Board of Trustees of İstanbul Sabahattin Zaim University.

Chairman of Audit Committee and member of Remuneration and Nomination Committee.



Prof. Dr. Kemal Varol
Board Member

He had his bachelor's degree on Textile Chemistry from the Institute of Science and Technology of Manchester University in 1965 where he had also completed his doctorate in 1968. Since 1974, he has been working as a senior manager in numerous companies including Sümerbank where he worked as the General Manager and the Chairman of the Board. He is currently working as a Professor at İstanbul Commerce University. He has been elected as an Independent Board of Directors Member of our Bank and between 2013 and 2019 he remained at this position. As of March 2019 he serves as a Board of Directors Member of our Bank.

Member of Credit Committee.



Dr. Mohamed Ali Chatti
Independent Board Member

In 2006, he earned his bachelor's degree in Finance from the Institute of High Commercial Studies in Tunisia. In 2008, he received his master's degree from Université Paris Nanterre University. He then completed his doctorate in Finance in 2010 at Université Paris Nanterre. He began his professional career in 2010 as a Young Professional at the Islamic Development Bank (IsDB). Between 2011 and 2017, he worked as an Investment Analyst and Senior Investment Officer at the Investments Department of the IsDB. He was also a lecturer about Islamic Finance at the ESSEC Tunisia in 2012. Dr. Chatti currently serves at the IsDB as the Manager of the AWQAF Investment Funds Division. Dr. Chatti has valuable experience and has represented IsDB on the boards of many international companies.

Member of Audit and Remuneration and Nomination committees.



Melikşah Utku
Board Member

He graduated from Mechanical Engineering Department of Boğaziçi University (İstanbul, 1990). He completed his graduate studies in London School of Economics (1990-1992) and Master's Degree on economic development in Marmara University (İstanbul, 1998). Utku who gained experience in software and textile sectors for some while, has began to work at Albaraka Turk as a Consultant to the General Manager in 2004. Respectively, he later worked as the Chief Economist, Manager of Investor Relations Department, the CIO and the CFO of the Bank. In addition to his duties at our Bank, he served as a Board Member both at Borsa İstanbul A.Ş. and Marmara University Teknopark A.Ş.. Utku who served as the CEO of our Bank between October 2016 and October 2021, currently serves as a Board of Directors Member at our Bank as of October 2021.

Chairman of Information Technologies Governance Committee.

Board of Directors



Azhar Aziz Dogar
Board Member

In 1990, he received his bachelor's degree on Economics and Political Science from University of Pennsylvania. He received his master's degree in 1992, from Brown University as a result of his studies on development economics. He commenced his career with Citigroup in its investment banking division and later moved to ABN AMRO Bank taking on a variety of leadership roles including Deputy Regional Risk Manager for MENA and Head of Credit Portfolio Management. He served as Chief Risk Officer for DIB Capital, and for SAMBA Capital. At National Bank of Abu Dhabi, he served as the Chief Risk Officer and the Chief Credit Officer for Wholesale & International Banking. He has also been a board member of Dubai Islamic Bank in Pakistan. Mr. Dogar who currently serves as Senior Vice President in charge of Credit and Risk Management at Al Baraka Group B.S.C., has over 28 years of international banking experience.

Member of Credit Committee.



Akram "Mark" Yassin
Board Member

He received his bachelor's degree from University of Surrey, Department of Structural Engineering, and his master's degree from Southern Methodist University, Department of Business Administration. Mr. Yassin who possesses a banking experience of over 30 years at an international level, has served at senior executive positions at significant financial institutions including; National Bank of Abu Dhabi, Arab Bank plc, Arab Banking Corporation, Gulf International Bank, Riyadh Bank and Bank of Montreal. Mr. Yassin currently serves as an independent and non-executive Board Member at Falcon Group.

Member of Corporate Governance and Sustainability Committee.



Ghassan Ahmed M. Amodi
Independent Board Member

He received his bachelor's degree from "The American University" (California - USA) on Business Administration. He commenced his professional career in 1994, at SABB (Saudi British Bank) as a management trainee. Then, he promoted to Assistant Relationship Manager in Corporate Banking Division. Between 2007 and 2017, he served as the Head of Corporate Banking at SABB, responsible for all aspects of regional business in corporate banking. He served as the General Manager of the SABB between 2017 and 2019. Since 2020, he has been serving as the Chief Executive Officer of Dar Altamleek.

Chairman of Corporate Governance and Sustainability Committee, member of Risk Committee.



Tawfig Shaker M. Mufti
Board Member

He received his bachelor's degree on International Business Administration from Bridgeport University. He started his banking career in 1993, at Al Bank Al Saudi Al Fransi within "Professional Development Program", where he served in the field of corporate banking until 1997, and between 1997 and 1999 in the field of private banking. From 1999 until 2002, he worked at Andersen – Middle East Financial Transaction House. Between 2005 and 2007 he served at Samba Financial Group as the Regional and Group Business Compliance Officer. He has served as the Group Treasurer at Dallah Albaraka Holding Co. Mufti currently serves as a board of directors member at Al Baraka Group B.S.C.

Member of Corporate Governance and Sustainability and Risk committees



Malek Khodr Temsah
General Manager and Board Member

In 2003, he received his Bachelor of Business Administration from The George Washington University and in 2006 he completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management. In 2003, he began his career with Bank of America then between 2007 and 2009 he worked at the London-based European Islamic Investment Bank. In 2010 he joined Al Baraka Group, as Vice President of Treasury where he established & oversaw the global sukuk investment portfolios until 2014. Between 2017 and 2020, he served on the Board of Directors and Audit Committee of BTI Bank (Morocco). Temsah who has joined Albaraka Turk in 2014, he served as the Assistant General Manager in charge of Treasury and Financial Institutions between 2017 and 2022. From October 2021 to August 2022, he has served as the Acting General Manager in addition to his above-mentioned duty. On 07.08.2022, Mr. Temsah has been appointed as the General Manager of the Bank by the Board of Directors of Albaraka Turk.

Member of Credit and Information Technologies Governance committees.



Senior Management



Malek Khodr Temsah
General Manager and Board Member

In 2003, he received his Bachelor of Business Administration from The George Washington University and in 2006 he completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management. In 2003, he began his career with Bank of America then between 2007 and 2009 he worked at the London-based European Islamic Investment Bank. In 2010 he joined Al Baraka Group, as Vice President of Treasury where he established & oversaw the global sukuk investment portfolios until 2014. Between 2017 and 2020, he served on the Board of Directors and Audit Committee of BTI Bank (Morocco). Temsah who has joined Albaraka Turk in 2014, he served as the Assistant General Manager in charge of Treasury and Financial Institutions between 2017 and 2022. From October 2021 to August 2022, he has served as the Acting General Manager in addition to his above-mentioned duty. On 07.08.2022, Mr. Temsah has been appointed as the General Manager of the Bank by the Board of Directors of Albaraka Turk.

Member of Credit and Information Technologies Governance committees



Turgut Simitcioğlu
Chief Assistant General Manager

He received his bachelor's degree from King Saud University, Faculty of Education in Saudi Arabia in 1989 and his master's degree in Business Administration from Fatih University, Institute of Social Sciences. Simitcioğlu started his professional career at Albaraka Türk in 1990 and worked at the Fund Utilization Department between 1990 and 1995 and at the Central Branch between 1995 and 2001. Between 2001 and 2003, he worked first as a Director at the Central Branch and then at the Corporate Banking Department, and between 2003 and 2009 he served as the Central Branch Manager. Appointed as Assistant General Manager in December 2009, Mr. Simitcioğlu served as Assistant General Manager responsible for "Credits Operations", "Foreign Transactions Operations", "Payment Systems Operations", "Banking Services Operations" and "Risk Monitoring". Mr. Simitcioğlu assumed the position of Assistant General Manager in charge of Business Lines in January 2017 and served as Assistant General Manager in charge of Credit Risks between 2018 and 2022. As of December 2022, he has been serving as the Assistant General Manager of our Bank.



Serhan Yıldırım
Assistant General Manager, Treasury and International Banking

He completed his undergraduate education at Istanbul University, Department of Business Administration in 2006. After working in the precious metals sector for a while, he joined Albaraka Türk Participation Bank in 2009 in the Treasury Unit of the Foreign Affairs Department. Until 2018, Mr. Yıldırım worked in the Foreign Exchange and Precious Metals, Money Market and Lease Certificate Transactions services, respectively, and assumed managerial responsibility in the Investment Banking Department until 2019 and in 2016, he received her MA degree in the field of Islamic Economics and Finance at Istanbul University. Between 2019 and 2022, he worked as Asset Liability and Capital Markets Unit Manager and then Treasury Unit Manager at Türkiye Emlak Katılım Bankası. Mr. Yıldırım joined Albaraka Türk in September 2022 as Assistant General Manager and currently serves as Assistant General Manager in charge of Treasury and International Banking.



Ömer Emeç Ph.D.
Assistant General Manager, Strategy and Transformation

He received his bachelor's degree in Business Administration from Boğaziçi University, his master's degree in Business Administration from Istanbul City University and his PhD in Islamic Economics and Finance from Istanbul University. Pursuing his academic studies simultaneously with his professional life, Emeç served as a researcher at the Center for Ecopolitical Strategic Research during his undergraduate years. Having assumed various responsibilities such as strategy, research, corporate performance, international business development and project management in the telecoms and banking sectors in his professional career, Emeç worked as Strategist until 2017, Chief Economist between 2017-2020, and Strategic Planning and Economic Research Unit Manager between 2020-2022 at Albaraka Türk, where he started working in 2014. As of October 2022, Mr. Emeç has been serving as Assistant General Manager in charge of Strategy and Transformation at the Bank and as a Board Member at Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. (AlbarakaTech Global). Emeç, who also works as an economics commentator in national and international broadcasting organizations, is an active manager in various non-governmental organizations and continues his academic career by lecturing on financial management, central banking, special topics in banking and finance.



Mehmet Uludağ
Assistant General Manager, Retail and Private Banking

He completed his undergraduate education at Dumlupınar University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2001 and his master's degree in Business Administration at Gediz University in 2013. He started his banking career at Albaraka Türk in 2004 as an Assistant Specialist at the Denizli Branch as part of the executive training program. He worked in Ankara/Şaşmaz, Manisa and Bursa/Uludağ branches respectively. In 2017, Mr. Uludağ assumed the position of Aegean Regional Manager, and after serving simultaneously as Regional Sales and Allocation Manager, he was appointed as Unit Manager to the Commercial and SME Sales Department in 2019. Uludağ, who has 16 years of managerial experience in marketing and sales at all levels of our Bank's organization, was appointed as Director/Ombudsman in the "Ombudsman Business Family", which was implemented for the first time in the banking sector in order to develop a feedback and solution-oriented culture between the head office and the field organization. He led the organization of this business family under the name of "Arbitration and Business Excellence", reporting directly to the General Manager. As of 2022 December, he continues to serve as Assistant General Manager in charge of Retail and Private Banking at our Bank



Dr. Muhammet Faruk Torlak
Assistant General Manager, Credits

He completed his undergraduate degree in Business Administration at Istanbul University in 2004. He started his professional career at Albaraka Türk in 2005 as an Assistant Inspector in the Inspection Board Department. After working for nearly 6 years at the Board of Inspectors, he completed his master's degree in International Money, Finance and Investments at Brunel University London in 2011. Between 2012 and 2022, he worked as Assistant Manager for 5 years and Unit Manager for 6 years in "Commercial and SME Loans Allocation" and "Corporate Loans Allocation" directorates respectively at Albaraka Türk. In 2022, he completed his doctoral education at Bahçeşehir University with his doctoral thesis on "Factors Determining the Use of Debt / Equity Resources by SMEs and Corporate Firms and Sector-Based Differences". As of December 2022, he continues to serve as Assistant General Manager in charge of Loans at our Bank.

Senior Management



Yasemin Aydın
Assistant General Manager, Information Technologies and Digital Channels Development

She received her bachelor's degree from Istanbul University, Faculty of Political Sciences, Department of Finance and her master's degree in Marketing Communications from Istanbul Bilgi University. She started her professional career in the banking sector in 1996. Between 1996 and 2011, she worked in marketing, operations and information technologies in the fields of digital banking, card payment systems, retail banking, product development, organization, process and quality. Between 2012-2017, she managed consultancy projects in various sectors on issues such as restructuring, process development management, digitalization and selection and evaluation activities in the field of human resources. In 2017, she joined Albaraka Türk as Digital Channels and Payment Systems Development Manager. In July 2020, she assumed the responsibility of "Digital Channels and Payment Systems Development", "Payment Systems Operation and Call Center" departments with the title of Director. As of December 2022, she continues to serve as Assistant General Manager in charge of Information Technologies and Digital Channels Development at our Bank. She is also a Board Member at insha Ventures Teknoloji Geliştirme Ve Pazarlama Anonim Şirketi (insha Ventures) and Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. (Albaraka Tech Global).



Umut Çakmak
Assistant General Manager, Finance and Human Assets

He completed his undergraduate education at Istanbul University, Faculty of Business Administration in 2004. Mr. Çakmak started his professional career at Albaraka Türk Risk Management Department in 2005 and served as Risk Management Specialist, Vice President of Risk Management and Head of Risk Management until 2022. As of December 2022, he continues to serve as Assistant General Manager in charge of Finance and Human Assets, to whom the directorates of "Financial Affairs", "Financial Reporting and Budget Management", "Human Resources" and "Training and Career Management" report.



Muzaffer Çölmek
Assistant General Manager, Operations

He completed his undergraduate education at Bilkent University School of Applied Accounting Information Systems Department in 2004. He started his professional career at Albaraka Türk in 2006 at Konya Sanayi Branch. After working actively in the branch until May 2010, he was assigned to the Financial Institutions Service within the Foreign Transactions Operations Department. Between January and August 2012, he worked in the External Letters of Guarantee Service under the Foreign Transactions Operations Department. Between 2012 and 2014, he was the manager of Europe & Far East in the Fund Management and Financial Institutions Department and from 2014 until March 2019, he was the manager of Africa and America services in the Financial Institutions Department. From March 2019 to December 2022, Çölmek served as Unit Manager in the Financial Institutions Department, and as of December 2022, he continues to serve as Assistant General Manager in charge of Operations at our Bank.



Serhan Akyıldız
Assistant General Manager, Corporate Banking

He completed his undergraduate degree in English Business Administration at Istanbul University in 1998. In 2002, he started to work as a Specialist at Albaraka Türk Central Branch. He worked as Assistant Manager at Osmanbey Branch between 2008-2011, and as Manager at Osmanbey, Topkapı and Central branches respectively from 2011 to 2022. Akyıldız, who served as Corporate Sales Manager between 2020-2022, continues to serve as Assistant General Manager in charge of Corporate Banking as of December 2022.



Mehmet Emin Çonkar
Assistant General Manager, Credit Monitoring and Legal Follow-up

He completed his undergraduate education at Ankara University, Department of Theology in 1997. He started his professional career in 1998 at Albaraka Türk Central Branch with the title of Chief. Until 2019, he worked as Assistant Manager at the Central Branch and as Manager at Sefaköy and İncirli branches. Çonkar, who served as Collection Manager between 2019 and 2022, continues to work as Assistant General Manager in charge of Credit Monitoring and Legal Follow-up in our Bank as of December 2022.



Information on the Board of Directors

The Board of Directors of Albaraka Türk Katılım Bankası A.Ş. convened 5 times during the year in accordance with the 2022 plan. These meetings were held with the participation of all members. 2 of them are organized physically and 3 of them are arranged in digital environment.

Apart from these 5 meetings, the Board of Directors held 4 special session meetings as a requirement of the developments during the year. 4 of these meetings were held with a total participation rate of 86%, and all of them were held in digital environment.

Information on the Bank's Board of Directors and Senior Management

Board of Directors

Name and Surname	Duty	Educational Status	Start Date of Duty	Banking Experience
Housseem BEN HAJ AMOR	Chairman of the Board	Bachelor's Degree	2020	18
Dr. Bekir PAKDEMİRLİ	Vice Chairman (Independent)	Ph.D.	2022	26
Prof. Dr. Kemal VAROL	Board Member	Ph.D.	2013	26
Mustafa BÜYÜKABACI	Board Member	Master's Degree	2017	27
Dr. Mohamed Ali CHATTI	Board Member (Independent)	Ph.D.	2020	13
Melikşah UTKU	Board Member	Master's Degree	2016	19
Ghassan Ahmed M. AMODI	Board Member (Independent)	Bachelor's Degree	2020	29
Tawfig Shaker M. MUFTI	Board Member	Bachelor's Degree	2020	30
Azhar Aziz DOGAR	Board Member	Master's Degree	2022	29
Akram YASSIN	Board Member	Master's Degree	2022	36
Malek Khodr TEMSAH	Board Member and General Manager	Master's Degree	2021	20

Senior Management

Name and Surname	Duty	Educational Status	Start Date of Duty	Banking Experience
Malek Khodr TEMSAH	Board Member and General Manager	Master's Degree	2021	20
Turgut SİMİTCİOĞLU	Chief Assistant General Manager	Master's Degree	2017	33
Muhammet Faruk TORLAK	Assistant General Manager, Loans	Ph.D.	2022	15
Mehmet Emin ÇONKAR	Assistant General Manager, Credit Monitoring and Legal Follow-up	Bachelor's Degree	2022	24
Serhan YILDIRIM	Assistant General Manager, Treasury and International Banking	Bachelor's Degree	2022	13
Muzaffer ÇÖLMEK	Assistant General Manager, Operations	Bachelor's Degree	2022	16
Mehmet ULUDAĞ	Assistant General Manager, Retail and Private Banking	Master's Degree	2022	19
Serhan AKYILDIZ	Assistant General Manager, Corporate Banking	Bachelor's Degree	2022	20
Umut ÇAKMAK	Assistant General Manager, Finance and Human Assets	Bachelor's Degree	2022	17
Ömer EMEÇ	Assistant General Manager, Strategy and Transformation	Ph.D.	2022	13
Yasemin AYDIN	Assistant General Manager, Information Technologies and Digital Channels Development	Master's Degree	2022	27

Declaration of Independence

To the Board of Directors of Albaraka Türk Katılım Bankası A.Ş.

In accordance with my Independent Board Membership and pursuant to Capital Markets Board's Corporate Governance Principles;

As a Member of the Board of Directors of Albaraka Türk Katılım Bankası A.Ş. (Company)

- I have not been a member of the Board of Directors for more than 6 years in total in the last ten years,
- Between the Company, the partnerships in which the Company has the management control or significant influence, the partners who hold the management control of the Company or have significant influence on the Company, and the legal entities over which these partners have management control, and myself, my spouse and my relatives by blood and marriage up to the second degree; I do not have an employment relationship in a managerial position to assume important duties and responsibilities in the last five years, I do not own more than 5% of the capital or voting rights or privileged shares, together or alone, and that a significant commercial relationship has not been established by me,
- In the last five years, in companies where the Company has purchased or sold significant services or products within the framework of the agreements made, especially in the audit (including tax audit, legal audit, internal audit), rating and consultancy of the Company, during the periods when the service or product is purchased or sold, partner (5% or more), employees in managerial positions to undertake important duties and responsibilities, or I am not a board member,
- Since I am an independent member of the board of directors, I have the professional education, knowledge and experience to fulfill the duties I will undertake,

- I am not working full-time in public institutions and organizations as of the date of nomination and in case I am elected,
- I am deemed to have settled in Turkey according to the Income Tax Law,
- I have strong ethical standards, professional reputation and experience that can contribute positively to the company's activities, maintain my impartiality in conflicts of interest between the Company and the shareholders, and decide freely by taking into account the rights of the stakeholders,
- I am able to devote enough time to company business to follow the operation of the company's activities and fully fulfill the requirements of the duties undertaken,
- I have not acted as an independent member of the board of directors in more than three of the companies in which the Company or the shareholders holding the management control of the Company have management control, and in more than five of the companies listed on the stock exchange in total,
- I have not been registered and announced on behalf of the legal entity elected as a member of the board of directors,

and therefore, I declare that I will fulfill my membership of the Company's Board of Directors as an "Independent Member", and submit it to the information of your Board of Directors, your partners and all relevant parties.

Sincerely

Bekir Pakdemirli

Committees and Committee Meetings Attendance

Audit Committee

a. Purpose

The Audit Committee consists of Board Members for the purposes of assisting the Board of Directors to perform auditing and supervision activities. The Committee was formed on the basis of the provisions of Article 24/6 of the Banking Law No. 5411.

b. Composition of the Committee

The Audit Committee consists of at least two non-executive Board Members. Members must have the qualifications determined by the Banking Regulation and Supervision Agency.

Members of the Audit Committee

President: Mustafa BÜYÜKABACI, Board Member

Member: Dr. Mohamed Ali CHATTI, Board Member

Member: Dr. Bekir PAKDEMİRLİ, Board Member

c. Functions of the Committee

On behalf of the Board, the Audit Committee monitors the efficiency and proficiency of the internal systems of the Bank, the functioning of these systems as well as the accounting and reporting systems in the framework of the Banking Law and related regulations, and the integrity of the produced data, providing preliminary evaluations to the Board of Directors when selecting the independent audit firms and rating, survey and support services agencies; regularly monitoring the activities of the said institutions which are appointed by the Board of Directors and with which contracts are signed; ensuring the consolidated internal auditing of partnerships subject to consolidation as per the regulations introduced with respect to the Banking Law, and coordinating their activities.

d. Working Principles of the Committee

- The Audit Committee convenes at least four times a year.
- The Audit Committee discusses issues related to internal control, financial tables, internal audit and other special items on their agenda, by also summoning the representatives of independent audit agencies, if and when needed.

- Committee resolutions are submitted to the Board of Directors for acknowledgment or ratification based on their nature.
- Resolutions of the Audit Committee are registered in the Book of Resolutions as per the related provisions of the Banking Law.

The Audit Committee convened 6 times in 2022 with the participation of all members.

Credit Committee

a. Purpose

As per the powers vested by the Board of Directors, the Credit Committee passes resolutions on requests for limit allocation, renewal, increase and/or collateral changes amounting up to 10% of the shareholders' equity provided that the tasks, powers and responsibilities remain within the restrictions defined in the Banking Law and related regulations. (Decisions on credit allocations that exceed 10% of the shareholders' equity shall be taken by the Board).

b. Composition of the Committee

The Committee consists of the General Manager or Deputy General Manager with at least two members elected by the Board of Directors from among the members that meet the conditions required for the General Manager (except for the term) to fulfill the assigned duties regarding credits. Two reserve members from among the Board Members meeting the conditions required (except for the term) for the General Manager have been elected to serve as a substitute for a Credit Committee member who cannot participate in any meeting.

Members of the Credit Committee

President: Houssem BEN HAJ AMOR, Chairman

Member: Prof. Dr. Kemal VAROL, Board Member

Member: Azhar Aziz DOGAR, Board Member

Member: Malek Khodr TEMSAH, Board Member and General Manager

Alternate Member: Melikşah UTKU, Board Member

Alternate Member: Akram "Mark" YASSIN, Board Member

Committees and Committee Meetings Attendance

c. Functions of the Committee

Based on the powers delegated by the Board of Directors, the Credit Committee is authorized to allocate credit lines within the framework of the methods/principles defined by the Banking Regulation and Supervision Agency and to conclude the credit resolutions within delegated limits. In this respect the Committee;

- Decides on branches' credit limits and conditions for extensions,
- Evaluates and decides on the requests for limit allocations and increases that exceed the branches' delegated powers,
- Resolves on credit limits that are to be decreased or canceled,
- Monitors the general credit policies of the Bank,
- Determines the terms and conditions of credit extensions,
- Decides on converting credit lines of clients into other modes of credit facility.

d. Working Principles of the Committee

The Credit Committee convenes with the participation of all members. The Credit Committee's decisions given unanimously are implemented directly and decisions given by the majority are implemented after the approval of the Board of Directors.

The committee agenda is determined by the General Manager. The written suggestion of the General Manager is asked for in limit increases made by the Credit Committee. For proposals regarding credits for which financial tables have to be required, it is essential that the financial analysis and intelligence reports of credit requestors should be attached.

The activities of the Credit Committee are subject to audit by the Board of Directors. Each Board Member is authorized to ask for all kinds of information from the Credit Committee about the Committee's activities and to conduct all kinds of control he/she finds necessary.

The decisions of the Credit Committee are recorded in the minute book. The Credit Committee minute book is kept according to the procedures and principles that the Board minute book is subject to.

The Credit Committee convened 7 times in 2022 with the participation of all members.

Corporate Governance and Sustainability Committee

a. Purpose

The Board of Directors, in order to monitor and evaluate the Bank's compliance with the Corporate Governance Principles, to carry out improvement studies, to ensure that the Bank adopts the best practices in the field of sustainability, and to offer suggestions to the Board of Directors on all these issues, Article 30 of the relevant Articles of Association. and the Corporate Governance and Sustainability Committee in accordance with the CMB and BRSA regulations.

b. Composition of the Committee

Committee; The Bank's Articles of Association is created and authorized by the Board of Directors in accordance with the BRSA and CMB regulations. The Committee consists of at least two members elected by the Board of Directors. The chairman of the committee is elected from among the independent board members. If the committee consists of two members, both of them, and if it has more than two members, the majority of the members are elected from non-executive Board members. The manager of the bank's investor relations department is a natural member of the Committee within the scope of the Communiqué. The Bank's General Manager/Executive Chairman does not take part in the Committee. The Committee may invite the Bank's executives to its meetings and take their opinions as it deems necessary. The Committee may benefit from the opinions of independent experts on the issues it needs regarding its activities. In this case, the cost of consultancy services required by the Committee shall be covered by the Bank. All kinds of resources and support required for the Committee to fulfill its duties are provided by the Board of Directors.

Members of the Corporate Governance and Sustainability Committee

President: Ghassan Ahmed M. AMODI, Board Member

Member: Tawfig Shaker M. MUFTI, Board Member

Member: Akram "Mark" YASSIN, Board Member

Member: Seyfullah DEMİRLEK, Investor Relations Manager

a. Duties of the Committee

- To determine whether the corporate governance principles are applied in the bank, if not, the reasons and conflicts of interest arising from not fully complying with these principles, and making suggestions to the Board of Directors to improve the practices,

- Ensuring adherence to corporate governance rules and best practices in corporate banking governance,
- Overseeing the work of the Investor Relations department,
- To make regular evaluations about the structure and efficiency of the board of directors and to submit recommendations to the board of directors regarding the changes that can be made on these issues,
- To provide guidance to the Sustainability Executive Committee on the following issues within the framework of the Bank's relevant procedures;
- Within the scope of sustainability goals; Implementation of sustainability and corporate responsibility projects that can convey the vision, mission and corporate values of the bank to the entire society, stakeholders and business partners,
- Following national and international practices and standards in the fields of sustainability and corporate responsibility, and making projects and studies comply with these practices and standards,
- Creating sustainability strategies and policies and integrating them into company activities and monitoring sustainability performance,
- Establishing an environmental, social and governance system and integrating it with the credit risk assessment system,
- Determining the risks, opportunities and targets of climate change and preparing the necessary reports for the relevant senior management and committees.
- Evaluating the corporate responsibility projects submitted for the approval of the Corporate Governance and Sustainability Committee,
- To discuss the issues reported by the Sustainability Executive Committee and to take the necessary decisions for their conclusion,
- To ensure that the awareness of Corporate Sustainability is internalized within the organization, to establish the sustainable banking target in a concrete way and to create long-term values.

b. Working Principles of the Committee

The Committee holds at least 4 meetings a year and may hold additional meetings when necessary. The Committee Chairman invites the Committee members to the meeting through the Committee Secretariat. The Committee may hold its meetings physically at the Bank's headquarters or in a different place to be determined by the Committee Chairman, or electronically. The committee convenes with the majority of the total number of members and takes a decision with the affirmative vote of the majority of the members present at the meeting. In the calculation of the quorum, fractional/half numbers are whole. Committee; without holding a meeting, the resolution proposal to be communicated to all Committee members is approved by at least the majority of the total number of members, and it may also take decisions by circulating. In the calculation of the quorum in the decisions to be taken in this way, fractional/half numbers will be complete.

The Corporate Governance and Sustainability Committee was structured on 22.11.2022 by combining the Corporate Governance and Sustainability committees existing in the Bank: The committee convened once in 2022 with the participation of three-quarters of its members.

Remuneration and Nomination Committee

a. Purpose

The Board of Directors has established a Remuneration and Nomination Committee, in line with the requirements in the 6th principle of the Annex of the BRSA's Regulation on Corporate Governance Principles of Banks and 4.5.1 of the Corporate Governance Principles, which is the Annex to the CMB's Communiqué.

b. Composition of the Committee

The Committee is formed and authorized by the Board of Directors in accordance with the Bank's Articles of Association, BRSA and CMB regulations. The Committee consists of at least two members elected by the Board of Directors. If the committee consists of two members, both of them, and if it has more than two members, the majority of the members are elected from non-executive Board members. The Bank's General Manager/ Executive Chairman does not take part in the committee. The Committee may invite the Bank's executives to its meetings and take their opinions as it deems necessary. The Committee may benefit from the opinions of independent experts on the issues it needs regarding its activities. In this case, the cost of consultancy services required by the Committee shall be covered by the Bank. All kinds of resources and support required for the Committee to fulfill its duties are provided by the Board of Directors.

Committees and Committee Meetings Attendance

Member of the Remuneration and Nomination Committee

President: Housseem BEN HAJ AMOR, Chairman

Member: Mustafa BÜYÜKABACI, Board Member

Member: Dr. Mohamed Ali CHATTI, Board Member

c. Functions of the Committee

- Establishing a remuneration policy compatible with the scope and structure of the Bank's activities, strategies, long-term goals and risk management structures, preventing excessive risk-taking and contributing to effective risk management,
- Reviewing the remuneration policy at least once a year to ensure the effectiveness of the remuneration policy of the Bank,
- Evaluating the remuneration policy and practices within the framework of risk management and submitting a report with related suggestions to the Board of Directors every year,
- Determining the suggestions of the Members of the Board of Directors and senior executives regarding the remuneration principles by taking into account the long-term goals of the Bank,
- Guaranteeing a balanced distribution between the interests and rights of senior management, Bank employees and shareholders,
- Ensuring that the members of the Board of Directors of the Bank, senior management and bank employees are rewarded in line with their contribution to the Bank's value creation process.
- To review the independence status of the Members of the Board of Directors and to inform the Board of Directors in case of any change,
- Examining the independence of the Board of Directors from the Management and its relationship with the Management and, if deemed necessary, making recommendations regarding this relationship,
- To work on establishing a transparent system for identifying, evaluating and training suitable candidates for Senior Management positions and determining policies and strategies in this regard,

- Evaluating the candidate's proposals for independent membership, including the management and investors, by taking into account whether the candidate fulfills the independence criteria, and submitting its evaluation to a report for the approval of the Board of Directors,
- To make suggestions to the Board of Directors on the succession plan of the senior management and senior management,
- To provide the Board Membership continuity program, which includes the following:
 - Succession plans for Chairman and Deputy Chairman of the Board of Directors and Board Committees,
 - Succession plans for executive and non-executive board members.
- Ensuring the existence and implementation of appropriate salary arrangements and the fulfillment of relevant disclosure standards;
- Examining the reports submitted to the Board of Directors on the following issues:
 - Performance of the Board of Directors and affiliated committees,
 - CEO performance,
 - Performance of managers and management team,
 - Package rewards, benefits, bonuses and incentives.
- To make suggestions to the Board of Directors on general employment policy, performance, fringe benefits, bonus and incentive programs.
- To make suggestions to the Board of Directors about the total and periodic changes to be made in personnel wages.
- To present suggestions to the Board of Directors regarding the share incentive plans for employees, the principles of these plans and any subsequent changes to these plans.
- To ensure that a program to introduce the Bank to new members of the board of directors is prepared, to be implemented when needed, and to ensure a continuous development program for members of the board of directors,
- To review the structure, size and composition of the Board of Directors, taking into account the needs of the Committees of the Board of Directors, and to make suggestions to the Board of Directors on necessary changes.

d. Working Principles of the Committee

The committee convenes as often as required by the task assigned to it, provided that it holds at least 2 meetings a year. The Chairman of the Committee invites the members of the Committee to the meeting through the Committee Secretariat. The Committee may hold its meetings physically at the Bank's headquarters or in a different place to be determined by the Committee Chairman, or electronically. The committee convenes with the majority of the total number of members and takes a decision with the affirmative vote of the majority of the members present at the meeting. In the calculation of the quorum, fractional/half numbers are whole. Committee; without holding a meeting, the resolution proposal to be communicated to all Committee members is approved by at least the majority of the total number of members, and it may also take decisions by circulating. In the calculation of the quorum in the decisions to be taken in this way, fractional/half numbers will be complete.

The Remuneration and Nomination Committee was structured on 22.11.2022 by adding the nomination functions to the Remuneration Committee existing in our Bank, and took 7 decisions in 2022.

Risk Committee

a. Purpose

A Risk Committee has been created by the Board of Directors to review matters related to Bank-wide risk management, including but not limited to business risk, credit risk, market risk, operational risk, legal risk and reputational risk, and to make recommendations to the Board of Directors and Audit Committee when necessary.

b. Composition of the Committee

The Committee is formed and authorized by the Board of Directors in accordance with the Bank's Articles of Association and other relevant regulations. The Committee consists of at least two members elected from among the members of the Board of Directors, provided that they do not have executive duties. The Committee may invite the Bank's executives to its meetings and take their opinions as it deems necessary. All kinds of resources and support required for the Committee to fulfill its duties are provided by the Board of Directors.

Members of the Risk Committee

President: Housseem BEN HAJ AMOR, Chairman

Member: Ghassan Ahmed M. AMODI, Board Member

Member: Tawfig Shaker M. MUFTI, Board Member

c. Functions of the Committee

- Evaluating all risks that the Bank is exposed to, including but not limited to credit risk, market and liquidity risk, operational risk, forming the Committee's opinion and sharing it with parties within the Bank that the Committee deems appropriate,
- Reviewing risk reports as well as other reports showing the bank's overall risk levels,
- Evaluating the risk policies and related standards, the methodologies and models used in the measurement and management of risks throughout the bank,
- Evaluating the Bank's comprehensive Risk Appetite Policy, including credit risk, market risk and operational risk,
- Evaluating risk-related issues raised by other Board Committees and forming and sharing the Committee's opinion with them,
- Reviewing and advising risk tolerance levels and portfolio concentration limits, including limits associated with business sector, geography, asset quality and other considerations,
- Contributing to the compliance and implementation of strategies and policies approved by the Board of Directors,
- Working with the Board of Directors to ensure that the Bank's strategy, liquidity and capital plans are consistent with the Risk Appetite Policy and that its significant risks are included in the Bank's strategy plan,
- Negotiating the Bank's significant risks collectively and for each risk type on a regular basis,
- Regularly review the impact of risks on capital, revenues and liquidity under normal and stressful conditions,
- Ensuring that the main risk issues are reported to the Audit Committee and the Board of Directors in an effective and timely manner, and to follow up that the corrective action is taken by the Bank's management in a timely and appropriate manner,
- Contributing to compliance with international standards and best practices, especially with local legislation on Risk Management,
- Reviewing risk reports as well as other reports showing bank-wide portfolio trends,

Committees and Committee Meetings Attendance

d. Working Principles of the Committee

The committee convenes as often as required by the task assigned to it, provided that it convenes at least once a year. The Chairman of the Committee invites the members of the Committee to the meeting through the Committee Secretariat. The Committee may hold its meetings physically at the Bank's headquarters or in a different place to be determined by the Committee Chairman, or electronically. The committee convenes with the majority of the total number of members and takes a decision with the affirmative vote of the majority of the members present at the meeting. In the calculation of the quorum, fractional/half numbers are whole. Committee; without holding a meeting, the resolution proposal to be communicated to all Committee members is approved by at least the majority of the total number of members, and it may also take decisions by circulating. In the calculation of the quorum in the decisions to be taken in this way, fractional/ half numbers will be complete. The Bank's Head of Risk Management is a permanent participant in the meetings without holding the title of member. The General Manager and other Bank managers may attend the meetings if invited by the Committee.

The Risk Committee was established on 22.11.2022 and did not hold a meeting in 2022.

Information Technologies Governance Committee

a. Purpose

The Committee aims to; Establish a series of standards and procedures to increase the operational efficiency of information technology systems and thereby ensure corporate discipline in the Bank's management. Besides, by applying these standards and procedures transparently and reasonably within the framework of the best international practices,

- Ensure the harmony between the Bank's business strategies and Information Technologies (IT) strategies,
- Strengthen the communication and collaboration between the committees operating in the fields of IT governance and risk management at the Bank's Head Office level and the Board of Directors of the Bank,
- Make sure that information technologies enable the Bank to seize opportunities and maximize profitability,

- Establish an IT infrastructure with an organizational structure, resources, policies and procedures, control systems,
- Ensure that bank management creates the necessary systems and processes that will best manage and mitigate all risks related to information technologies, including cyber-attacks.

b. Composition of the Committee

Provided that the number of members is not less than two, the number of members of the Committee will be determined by the Board of Directors. The members to be elected to the Committee, other than the members of the Board of Directors, should have sufficient knowledge and experience in the field of information technologies.

Members of the Information Technologies Governance Committee

President: Melikşah UTKU, Board Member

Member: Malek Khodr TEMSAH, Board Member and General Manager

c. Functions of the Committee

- To evaluate, monitor and review the budget, IT initiatives and projects related to IT resources within the framework of the Bank's strategic objectives,
- To evaluate, monitor and review the IT strategy objectives and organizational structures which are planned to be established (especially the IT committees operating at the level of the Bank's senior management) to reach the Bank's strategic goals and maximize the expected benefits from IT projects and investments,
- Evaluate, monitor and review systems for the management, regulation and control of IT resources and projects within the framework of legal requirements (especially "Regulation on Information Systems of Banks and Electronic Banking Services") and best international practices (especially "Control Objectives for Information and Related Technology" COBIT).
- To review, monitor and approve the institutional goals related to information technologies and technologies related to these goals and ensure the achievement of these goals,
- Evaluate and review the responsibility matrix for IT governance processes (Liable, Responsible, Consulted, Informed) to monitor the following;

- Primarily liable person, institution/s or parties (Liable).
- Ultimately Responsible.
- Clients
- (Informed) persons about all processes guided by the "COBIT 5 Enabling Processes" standard in this context,
- To ensure the establishment of an IT Risk Management Plan and Program integrated with the Bank's general risk management plan and program,
- To monitor the suitability of IT processes, resources, initiatives and projects to assess whether they meet the Bank's business requirements,
- To evaluate the internal and external IT audit reports and to ensure that the Bank takes necessary actions on the findings identified in these reports.
- To submit reports to the Board of Directors regarding the issues specified under this topic and to present those issues requiring the resolution of the Board of Directors as per article 375 of the Turkish Commercial Code and the Bank's internal legislation to the approval of the Board of Directors.

d. Working Principles of the Committee

The Committee may request all kinds of information and documents from the Bank's senior management, provided that the matters fall within the duties and responsibilities of the committee.

The number of committee members and committee members are determined by the Board of Directors. Committee Chairman and Deputy Chairman are determined by the Board of Directors. At least three members of the Committee are elected from among the Members of the Board of Directors. Albaraka Tech Global CEO or his deputy is a permanent participant of the meeting. Other than the members of the Board of Directors, the members to be elected to the Committee must have sufficient knowledge and experience in the field of information technologies. Committee meetings are held by the Committee Chairman. The committee convenes at least 4 times a year, upon the invitation of the chairman or one of the members. The committee meetings could completely be held electronically or by the participation of some members electronically in a meeting where some members are physically present. The meeting agenda shall be

sent by the Chairman together with the meeting invitation. In addition to the agenda sent, the points of interest can also be discussed and resolved at the meeting. The committee convenes with the participation of the majority of the members and takes decisions with the majority of the members present at the meeting. The Committee may invite Bank executives and personnel, as it deems necessary, to their meetings and obtains their opinions. The Committee may also benefit from the opinions of independent experts and consultants on legal, financial, administrative and technical issues where necessary, and costs are to be covered by the Bank. Meeting minutes and decisions are kept by the Committee Secretariat, which will be composed of a person or unit to be determined by the Committee. The Board of Directors has been informed about the activities of the Committee.

The Information Technologies Governance Committee convened 4 times in 2022 with the participation of all members.

Advisory Committee

a. Purpose

Advisory Committee was founded according to the "Communiqué on Compliance with Interest-Free Banking Principles and Standards" (Communiqué) dated 14.09.2019 and numbered 30888 published by the Banking Regulation and Supervision Agency to maintain Albaraka Türk Katılım Bankası A.Ş.'s banking activities in compliance with interest-free banking principles.

b. Composition of the Committee

Committee members are appointed by the Board of Directors with the approval of the General Assembly. The committee consists of three members including the chairman, one reporter and two observers.

Members of the Advisory Committee

President: Yousef Hassan Y. KHALAWI

Member: Prof. Dr. Hamdi DÖNDÜREN

Member: Prof. Dr. Necmettin KIZILKAYA

Committees and Committee Meetings Attendance

c. Functions of the Committee

- Answering questions submitted to the Committee and offering alternative solutions on interest-free banking principles,
- Following up on global developments in the field of interest-free banking,
- Monitoring and analyzing the activities of the Bank and its subsidiaries subject to consolidation systematically in terms of interest-free banking principles,
- Coordinating with the audit unit to audit the compliance of the activities of the Bank and its subsidiaries subject to consolidation with interest-free banking principles,
- Organizing developmental and educational seminars for the Bank's staff to establish and develop an interest free banking culture within the Bank; ensuring that such trainings are included in routine training programs,
- Representing the Bank in interest-free banking-related activities such as conferences, symposiums, forums and seminars concerning the Advisory Committee and sharing interest-free banking perspectives on issues discussed in such events with bank managers,
- Preparing a summary report on the activities of the Committee, the questions posed to the Committee during the year and the activities and decisions of the Committee and submitting it to the Board of Directors,
- Examining all activities of the Bank and documenting the interest-free banking audit handbook and ensuring that it is approved by the Board of Directors,
- Discussing the issues which the Chairman has opted for examination at the Committee among those issues in the report submitted by the controller to the Chairman and informing the Head Office regarding these issues,
- Approving the interest-free banking principles compliance expectations in the Articles of Association, regulations, forms and policies used by the Bank and also approving the regulations made,
- Approving the standard agreements and contracts in the transactions of the bank with third parties in terms of compliance with interest-free banking principles and taking part in the development and improvement of the mentioned forms, when necessary,

- Determining the interest-free banking eligibility requirements for existing and new products of the bank and its subsidiaries subject to consolidation and expressing an opinion on the documentation (contract, form, procedure, committee, functioning, method etc.) to be prepared in this regard,
- Informing the Head Office of its opinion on the applications made to the Committee,
- Following up the Bank's operations and reviewing the Bank's business activities in coordination with the Bank's management following the interest-free banking perspective at reasonable times,
- Providing and recommending possible interest-free banking solutions for financial transaction problems that do not comply with the principles of interest-free banking, looking for alternative products together with the Bank management to replace products that do not comply with the interest-free banking rules,
- Guiding the employees working in the implementation of interest-free banking transactions in compliance with the rules and principles of interest-free banking,
- Preparing the annual interest-free banking report which shows the degree of compliance with the decisions and directives issued by the Advisory Committee and submitting it to the Board of Directors,
- Preparing annual activity budget and having it approved by the Board of Directors,
- Ensuring protection from interest earnings and distribution of unavoidable interest earnings for charity purposes,
- Publishing periodic practical information on interest free banking principles for the employees and participation account holders,
- Submitting periodic reports regarding the decisions taken to the Advisory Board of TKBB (Türkiye Katılım Bankaları Birliği - Participation Banks Association of Turkey).

d. Working Principles of the Committee

The Advisory Committee, together with the new Communiqué, will convene at least twice a month and may also meet extraordinarily, if necessary, by ensuring a majority upon the request of the President. The Advisory Committee meetings can be held by physically present members or by some or all members' participation via the electronic channel.

The Advisory Committee convened 25 times in 2022 with the participation of all members.

Support Services Received in Accordance with the Regulation on Support Services for Banks and Authorization of Companies to Provide These Services

Title of the Organization from Which Support Service is Provided	Field of Activity for Which Support Service is Provided
32 BİT BİLGİSAYAR HİZMETLERİ SANAYİ VE TİCARET LİMİTED ŞİRKETİ	Information Systems
360 TREASURY SYSTEMS AG	Information Systems
ACERPRO BİLİŞİM TEKNOLOJİLERİ ANONİM ŞİRKETİ	Information Systems
ACTIVE BİLGİSAYAR HİZMETLERİ VE TİCARET LİMİTED ŞİRKETİ	Information Systems
AGT HIZLI KURYE HİZMETLERİ ANONİM ŞİRKETİ	Credit and debit card delivery service
AGT HIZLI KURYE HİZMETLERİ ANONİM ŞİRKETİ	Moto courier (the process of becoming a customer with a courier)
AKKOYUNLAR OTOMOTİV İLETİŞİM TEKSTİL SANAYİ VE DIŞ TİCARET LTD. ŞTİ.	Call center incoming outgoing call
ALBARAKA TEKNOLOJİ BİLİŞİM SİSTEMLERİ VE PAZARLAMA TİCARET ANONİM ŞİRKETİ	Information Systems
ALBARAKA TEKNOLOJİ BİLİŞİM SİSTEMLERİ VE PAZARLAMA TİCARET ANONİM ŞİRKETİ	Information Systems
ARKSİGNER YAZILIM VE DONANIM SANAYİ TİCARET ANONİM ŞİRKETİ	Information Systems
AUSTRIA CARD TURKEY KART OPERASYONLARI ANONİM ŞİRKETİ	Mass printing of credit and debit cards, adding information to the card magnet, card personalization and enveloping operations
AVİ GAYRİMENKUL YATIRIM DEĞERLEME VE DANIŞMANLIK ANONİM ŞİRKETİ	Business and transactions by proxy at the land registry on behalf of the bank
BİRLEŞİK ÖDEME HİZMETLERİ VE ELEKTRONİK PARA ANONİM ŞİRKETİ	Money transfer
BNTPRO BİLGİ VE İLETİŞİM HİZMETLERİ LİMİTED ŞİRKETİ	Information Systems
C/S ENFORMASYON TEKNOLOJİLERİ LİMİTED ŞİRKETİ	Information Systems
C/S ENFORMASYON TEKNOLOJİLERİ LİMİTED ŞİRKETİ	Information Systems
C/S ENFORMASYON TEKNOLOJİLERİ LİMİTED ŞİRKETİ	Information Systems

Title of the Organization from Which Support Service is Provided	Field of Activity for Which Support Service is Provided
CYBERWISE SİBER GÜVENLİK TİCARET ANONİM ŞİRKETİ	Information Systems
DESMER GÜVENLİK HİZ. TİC. ANONİM SİRKETİ	Carriage, counting and storage of valuable items
EKOL GRUP KORUMA GÜVENLİK EĞİTİM HİZMETLERİ ANONİM ŞİRKETİ	Permanent and substitute security staff recruitment service throughout Turkey
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	Information Systems
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	Information Systems
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	Information Systems
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	Information Systems
FU GAYRİMENKUL YATIRIM DANIŞMANLIK ANONİM ŞİRKETİ	Business and transactions by proxy at the land registry on behalf of the bank
GÜZEL SANATLAR ÇEK BASIM LİMİTED ŞİRKETİ	Check printing
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ A.Ş.	Archive services
İTER-TECH BİLGİ İŞLEM VE PAZARLAMA TİCARET ANONİM ŞİRKETİ	Information Systems
İPOTEKA GAYRİMENKUL YATIRIM DANIŞMANLIK ANONİM ŞİRKETİ	Business and transactions by proxy at the land registry on behalf of the bank
KARTEK KART VE BİLİŞİM TEKNOLOJİLERİ TİCARET LİMİTED ŞİRKETİ (CHİPEXPERT)	Instant debit card and credit card printing service
KETS BİLGİSAYAR ELEKTRONİK İLETİŞİM HİZ. SAN.TİC.LTD.ŞTİ.	Information Systems
KİBELE İLETİŞİM SİSTEM VE SERVİSLERİ TİCARET LİMİTED ŞİRKETİ	Information Systems
KOBİL BİLGİSAYAR ENERJİ VE ELEKTRİK SİSTEMLERİ SANAYİ TİCARET LİMİTED ŞİRKETİ	Information Systems
KURYE NET MOTORLU KUYECİLİK VE DAĞITIM HİZMETLERİ ANONİM ŞİRKETİ	Credit and debit card delivery service



Support Services Received in Accordance with the Regulation on Support Services for Banks and Authorization of Companies to Provide These Services

Title of the Organization from Which Support Service is Provided	Field of Activity for Which Support Service is Provided
MAPA GLOBAL BİLGİSAYAR YAZILIM DANIŞMANLIK SANAYİ LİMİTED ŞİRKETİ	Information Systems
MEDYASOFT DANIŞMANLIK VE EĞİTİM ANONİM ŞİRKETİ	Information Systems
NADİR METAL RAFİNERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	Gold exchange service
NADİR METAL RAFİNERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	Gold appraisal service
ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET ANONİM ŞİRKETİ	Information Systems
ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET ANONİM ŞİRKETİ	Information Systems
ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET ANONİM ŞİRKETİ	Information Systems
ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET ANONİM ŞİRKETİ	Information Systems
POS PERAKENDE OTOMASYON SİSTEMLERİ TİC. VE SAN. A.Ş.	Information Systems
POSTA VE TELGRAF TEŞKİLATI ANONİM ŞİRKETİ	PTT correspondance services
POSTACI İLETİŞİM VE LOJİSTİK HİZMETLERİ TİCARET ANONİM ŞİRKETİ	Standard motor courier service
POSTKOM BASIM POSTA VE İLETİŞİM HİZMETLERİ ANONİM ŞİRKETİ	Credit card statement printing service
PRIVIA SECURITY BİLİŞİM VE DANIŞMANLIK HİZMETLERİ LİMİTED ŞİRKETİ	Information Systems

Title of the Organization from Which Support Service is Provided	Field of Activity for Which Support Service is Provided
PROVISION BİLGİ İŞLEM SANAYİ VE TİCARET ANONİM ŞİRKETİ	Information Systems
PROVISION BİLGİ İŞLEM SANAYİ VE TİCARET ANONİM ŞİRKETİ	Information Systems
SİSTAŞ SAYISAL İLETİŞİM SANAYİ VE TİCARET ANONİM ŞİRKETİ	Information Systems
SİSTAŞ SAYISAL İLETİŞİM SANAYİ VE TİCARET ANONİM ŞİRKETİ	Information Systems
SUPERONLİNE İLETİŞİM HİZMETLERİ ANONİM ŞİRKETİ	Information Systems
SUPERONLİNE İLETİŞİM HİZMETLERİ ANONİM ŞİRKETİ	Information Systems
TEPE SAVUNMA VE GÜVENLİK SİSTEMLERİ SANAYİ ANONİM ŞİRKETİ	Permanent and substitute security staff recruitment service throughout Turkey
THOS HUKUK OTOMASYON SİSTEMLERİ YAZILIM ANONİM ŞİRKETİ	Information Systems
VBT BİLGİ TEKNOLOJİLERİ ANONİM ŞİRKETİ	Information Systems
VERİSOFT BİLGİ İŞLEM TİCARET VE SANAYİ ANONİM ŞİRKETİ	Information Systems
YAPI KREDİ BANKASI ANONİM ŞİRKETİ	Operational Services
305 ADET FİRMA (BAYİDE FİNANSMAN)	Financing at the dealer-Service for information and document collection, contract signing and forwarding it to the bank

Transactions with the Bank's Risk Group

As of December 31, 2022 wakala borrowings obtained within the framework of the investment-purpose wakala contracts signed with the risk group that includes the Bank, amount to USD 36,288,426 and EUR 3,600,000 (December 31, 2021: USD 42,837,711 and EUR 21,600,000). The profit share expense relating to these wakala borrowings for the period between January 1, 2022, and December 31, 2022, is TL 16,318 (December 31, 2021: TL 19,896).



Affiliation Report

Albaraka Türk’s Board of Directors has prepared a Loyalty Report regarding the Company’s controlling partner and its relations with the companies affiliated to the controlling partner for the 2022 operating year, and the conclusion part of this report is given below.

Necessary disclosures about the transactions made by Albaraka Türk with related parties are included in the footnote of the risk group of the Bank, numbered VII, under the Disclosures and Footnotes to the Consolidated / Unconsolidated Financial Statements.

In the report prepared by the Board of Directors, it is stated that “In all transactions carried out by Albaraka Türk Katılım Bankası A.Ş., it has been concluded that, according to the circumstances and conditions known to us at the time of the refusal to be taken or taken, an appropriate counter-action is provided in each transaction and that there is no measure taken or avoided that may harm the company, and that there is no action or measure that requires equalization within this framework.”

Other Explanations on Corporate Governance

INFORMATION ABOUT LEGAL ACTIONS AGAINST THE BANK THAT MAY AFFECT THE FINANCIAL STATUS AND OPERATIONS OF THE BANK AND ITS POSSIBLE CONSEQUENCES

One of our shareholders Cengiz Avcı, pursuant to article 439 of the Turkish Commercial Code requested to appoint a special auditor to our Bank, a lawsuit was filed before the Istanbul Anatolian 7th Commercial Court of First Instance, file no. 2022/655 E.

At the first hearing of the case held on 17.11.2022, it was unanimously and definitively decided to reject the case.

In 2022, the total amount of administrative fines issued to our Bank by public administrations was TL 1.9 million, and a payment of TL 1.4 million was made.

Corporate Governance Principles Compliance Report

Albaraka Türk Katılım Bankası A.Ş. ("Albaraka Türk" or "Bank") is subject to the Corporate Governance Principles attached to Corporate Governance Communiqué ("Communiqué") number II-17.1 published by CMB according to the relevant articles of the Turkish Commercial Code, Banking legislation, Capital Market Board ("CMB") legislation since 2007 the public offering is made until today. Albaraka Türk is also subject to the management structure, process and principle provisions determined by the "Regulation on the Banks' Corporate Governance Principles" published by Banking Regulation and Supervision Agency ("BRSA"). Determining its vision as being the Best Participation Bank of the World, Albaraka Türk has adopted the Corporate Governance Principles as the basic corporate value and demonstrated due diligence to comply with the mandatory principles. Besides, it continues its studies for compliance with the principles which are not mandatory.

Within the framework of Corporate Governance Communiqué regulations number II-17.1, the election for the independent member of the Board of Directors is made at the general assembly meeting in 2012. Moreover, in order to comply with the same communiqué and Turkish Commercial Code number 6102, the Articles of Incorporation, of the Bank were reviewed and submitted to the General Assembly of 2012 where it was approved. Updated information of the Bank is offered to the service of all our stakeholders at Albaraka Türk website and Investor Relations tab in the same site.

Within the scope of studies on compliance with the Corporate Governance Principles, the Bank's Corporate Governance Committee (the "Committee") responsible for following, evaluating and performing improvement operations for compliance with the relevant principles is established in 2007. The Committee has made studies on improvement of the Bank's corporate governance implementations at the meeting held in 2020. Information on the activities of the Committee coordinating the studies of the Investor Relations Unit is given in detail in the section entitled "Bank Committees" of the annual report. The Investor Relations Unit continued its activities as a separate unit.

Albaraka Türk has been subject to Corporate Governance Rating since 2010. On May 17, 2022, DRC Derecelendirme Hizmetleri A.Ş. determined the Corporate Governance Rating of Albaraka Türk Participation Bank as 9.14. As the note for compliance with CMB Corporate Governance Principles is over the Threshold Point of 7, Albaraka Turk is included in Borsa İstanbul Corporate Governance Index since 2010. Compliance notes that the Bank has received in four main categories are as follows:

Category	Weight	Note
Shareholders	25	9.21
Public Disclosure and Transparency	25	9.30
Stakeholders	15	9.22
Board of Directors	35	8.95

Albaraka Türk's rating, which was 9.12 out of 10 last year, increased to 9.14 this year, following the analysis made in the report under 4 headings: shareholders, public disclosure, transparency and the board of directors. It has been pointed out that the financial statements, annual reports and material disclosures are at the level of global practices, together with the public disclosure and transparency policy implemented by Albaraka Türk, which has substantially complied with the Corporate Governance Principles published by the CMB. In the report, where the Public Disclosure and Transparency score was evaluated as 9.30, the Stakeholders Section score was 9.22. In the report, which is stated to be in high compliance with the legislation, articles of association and internal regulations created to ensure the exercise of the rights of the shareholders of the partnership, it is emphasized that the relations with the stakeholders, which are managed according to the policies determined within the framework of the corporate governance principles, are above the local standards. It was noted that the Bank takes active and proactive measures to ensure customer satisfaction regarding the products and services

it offers, and that customers' wishes, demands and suggestions on all matters are served on the "Let's Solve Problems" platform, which operates on a 24/7 basis. There has been no conflict of interest between the stakeholders within the period due to the corporate governance principles of which compliance is not provided.

Corporate Governance Principles Form and Compliance Report

In line with the decision dated January 10, 2019 No. 2/49 of the Capital Markets Board, our practices regarding voluntary principles and our current corporate governance process within the scope of the Corporate Governance Communiqué numbered II-17.1 have been specified in our Corporate Governance Compliance Report (URF) and the Corporate Governance Information Form (KYBF).

Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) can be accessed from the Public Disclosure Platform via the following links

URF: <https://www.kap.org.tr/tr/Bildirim/1008622> 

KYBF: <https://www.kap.org.tr/tr/Bildirim/1007917> 



Evaluations on Financial Information and Risk Management

Summary Financial Information for the Five-Year Period

Key Financial Indicators	2018	2019	2020	2021	2022
Total Assets (TL thousand)	42,223,652	51,392,368	69,315,799	108,955,123	146,340,106
Funds Collected (TL thousand)	28,623,473	39,769,408	51,613,124	91,236,649	112,675,797
Funds Extended (TL thousand)	26,184,989	29,749,139	40,583,348	56,936,547	72,625,023
Shareholders' Equity (TL thousand)	3,261,451	3,821,929	4,044,227	4,626,853	8,118,973
Net Profit (TL thousand)	133,968	63,429	254,737	104,403	1,365,496
Number of Personnel	3,988	3,791	3,390	2,918	2,695
Number of Branches	230	230	230	231	225

Financial Ratios (%)	2018	2019	2020	2021	2022
Funds Extended/Total Assets	62.0	57.9	58.6	52.3	46.9
Funds Extended/Funds Collected	91.5	74.8	78.6	62.4	64.5
Total Funds/Total Assets	67.8	77.4	74.5	83.7	77.0
Non-Performing Loans Ratio	6.9	7.2	4.8	6.3	1.9
Net Non-Performing Loans Ratio	3.6	4.1	1.9	1.9	0.2
Ratio of Provisions for Non-Performing Loans	47.3	42.6	61.0	70.3	88.74
Capital Adequacy Ratio	14.7	15.0	13.5	14.7	14.9

Assessment of Financial Situation, Profitability and Solvency

Albaraka Türk increased its assets by 34% to TL 146 billion in 2022, despite the increasing inflation rates at the global level after the pandemic period, the increasing problems in the global markets due to the Russia-Ukraine war, and domestic fluctuations.

Continuing to support the real economy in 2022, when tough economic conditions and regulations for the banking sector came into effect, Albaraka Türk increased the funds provided (cash loans) to 73 billion TL, increasing by 28% compared to the end of the previous year.

The share of the funds allocated in the total assets was 50%. As a result of the steps taken to increase asset quality, the Bank's NPL ratio decreased to 1.9% at the end of 2022.

The funds collected by the Bank through participation funds increased by 24% on an annual basis in 2022 and reached 113 billion TL. Albaraka Türk, which aims to increase the weight of the Turkish Lira in its resource and asset structure in line with the "liraization" strategy of the economy management, increased the weight of TL funds among the total participation funds to 46% at the end of 2022 (22% at the end of 2021). In 2022, the Bank contributed to the diversity of resources by issuing lease certificates amounting to TL 8.2 billion from the domestic markets through its subsidiary, Bereket Varlık Kiralama.

Having successfully completed the capital increase process in May 2022, Albaraka Türk increased its paid-in capital to TL 2,500 million. Strengthening its operational profitability generation capacity, the Bank maintained its strong equity structure by increasing its shareholders' equity to TL 8,119 million at the end of 2022, an increase of 76% compared to the previous year.

Albaraka Türk achieved a net profit of TL 1.4 billion in 2022 with its strengthened capital structure, increased efficiency and profit generation capacity. Having increased its operating income by 213% to TL 11 billion in 2022, the Bank increased its reserves by 228% to TL 6 billion.

As of the end of 2022, the Bank's capital adequacy ratio was 14.9%, above the legal obligation level.

Risk Management

The Bank's Risk Management System is designed to define, measure, monitor and control encountered risks via policies, procedures and limits. These efforts are aimed at monitoring, controlling, and if necessary, changing the risk and return structure of future cash flows, and the nature and level of associated activities.

To monitor and control risks to which the Bank is exposed on account of the banking activities, the Board of Directors is responsible for establishing internal control, risk management and internal auditing systems under the Banking Law and ensuring and monitoring the proper functioning, conformity and adequacy thereof.

The Board of Directors periodically reviews and assesses risk management policies and strategies according to changing market conditions. The General Manager has to ensure that departments of the Bank operate in coordination according to the specified policies and strategies about the risk management process determined by the Board.

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

On a fundamental basis, Albaraka Türk faces market, liquidity and credit risk, as well as strategic risk, reputation risk and operational risk. The Bank sets risk policies and procedures and risk limits approved by the Board of Directors to mitigate and manage its quantifiable risks. To maintain risks within the set limits, Albaraka Türk monitors and reports the referenced limits on a functional unit basis within the Bank's internal systems and relevant bodies. The Risk Management Department, which was formed in accordance with risk management regulatory requirements, measures, monitors, controls and reports risks.

The ultimate target of the Bank's Risk Management System is to allocate capital in compliance with the risks exposed by our functional activities (economic capital) and to maximize capital return adjusted for risk, thus increasing the added value created.

The Assets/Liabilities Committee (ALCO) manages the structure of the assets vis-à-vis liabilities by evaluating the domestic and global economic conditions concerning collecting and allocating funds in the direction of the risk management policies of our Bank.

Albaraka Türk's current or future risk exposure is identified and defined. Identified risks are measured and prioritized to the extent possible. By taking into account the risks stemming from the Bank's strategies and the potential impact of the strategy on the risk

profile, ALCO ensures that all significant risks are included in the risk appetite. The Bank's strategies are associated with a risk profile and risk appetite. If the risk profile is expected to change in the future, such change is considered together with its level of impact on capital. In the creation of the risk profile, risk type is analyzed on the basis of sector and/or geographical location.

Albaraka Türk's risk tolerance is the maximum degree of calculated risk that may be accepted according to the Bank's mission and vision. In other words, it is the foreseen amount of risk to be exposed before deciding on the necessity of taking any precautions. Risk tolerance is the level of risk that the Bank deems acceptable given the diversity of services offered.

Albaraka Türk's risk appetite refers to the level of risk that the Bank is prepared to accept in pursuit of its strategic objectives. Risk appetite involves an acceptable level of variation regarding these objectives. A common feature of the Bank's risk appetite and risk tolerance is the boundaries they set on the acceptance of risk. However, risk tolerance is broader.

The Risk Appetite Policy, approved by the Board of Directors and updated annually, specifies the risk levels that the Bank may assume to implement its strategies and achieve its objectives. The limits and triggering functions in relation to the risk appetite and risk profile of the Bank are defined as per the Bank's risk profile and explained in detail.

Taking into account Albaraka Türk's financial status, business activity profile and future growth expectations, the amount of capital required to achieve strategic objectives are calculated via stress tests and scenario analyses performed on a static and dynamic basis. Having regard to the conjunctural factors affecting the market in which the bank operates today and will operate in the future, stress tests and scenario analysis conducted on the financial structure of the Bank are taken into account along with other financial indicators and thanks to the capital planning conducted in this context, coordination was established between the bank processes.

Albaraka Türk aims to ensure capital allocation compatible with the risks of its functional operations and maximize risk-adjusted return on capital. As a result, the Bank evaluates risks by classifying them as market risk, liquidity risk, credit risk, operational risk and other risks.



Risk Management

Market Risk

Albaraka Türk’s market risk refers to the probability of loss that may be incurred due to exchange rate risk, stock position risk, commodity risk and profit rate risk.

Market risk primarily indicates the probability of loss that may be experienced on the Bank’s on-balance sheet and off-balance sheet positions as part of exchange rate risk, commodity risk, profit rate risk and stock position risk due to movements in market prices. As for market risk, Albaraka Türk calculates the foreign currency position risk and securities position risk, as well as specific risks associated with market risk, by using the standard approach. Additionally, for testing purposes, foreign currency position risk of our Bank is measured by various internal models. With backtesting applications, deviations between actual values and daily VaR values, predicted by internal models, are observed in order to control the accuracy and performance of these models. The potential strength of portfolio against unexpected risks is measured with stress tests including stress scenarios.

These calculations are reported to relevant authorities on a regular basis. The Bank continuously monitors whether the market risk complies with the legally prescribed limits. Exchange rate risk is also subject to review and supervision by the Assets/Liabilities Committee. The Bank’s foreign exchange rate strategy is intended to keep the exchange risk in balance and not to create short or long positions.

Liquidity Risk

The Bank’s liquidity risk consists of funding liquidity risk and market liquidity risk.

Funding liquidity risk refers to the likelihood of losses occurring in cases where it is not possible for Albaraka Türk to adequately meet the entirety of its foreseeable or unforeseen cash flow requirements without affecting daily banking activities or the Bank’s financial structure.

Market liquidity risk is the possibility of losses that may arise from the Bank’s failure to close or balance any of its positions at market prices because the markets lack a certain amount of depth or are exposed to excessive volatility.

Liquidity risk may emerge due to factors such as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and financial crises.

To manage liquidity risk, the Bank monitors cash flows daily and takes preventive and remedial measures so that commitments are met as required and on time. Liquidity risk is also evaluated by the Assets/Liabilities Committee on a weekly basis.

Albaraka Türk implements a policy where liquid assets are maintained in sufficient amounts and quality, taking into account the minimum liquidity coverage ratios as specified in applicable regulations and past liquidity experiences. This approach addresses any liquidity requirement that may arise from unexpected movements in the markets.

Credit Risk

Credit risk is defined as the probability of losses to Albaraka Türk due to customer failure to pay commitments partially or completely to the Bank on time, thus breaching the provisions of customer credit contracts. This risk also involves any losses in market value due to deterioration in the financial position of the counterparty. On-balance sheet and off-balance sheet portfolios are included in the credit risk definition that is used at the Bank.

The authority to extend credits resides with the Board of Directors. The Bank’s Board of Directors establishes policies related to the extending and approval of credits, credit risk management and other administrative principles.

The Board also ensures the implementation and monitoring of these policies, while taking any necessary measures. The Board of Directors delegates the power to extend credits to the Credit Committee and Head Office pursuant to the procedures and principles determined by legal and regulatory requirements. The Head Office exercises the power delegated to them to extend credits via regional directorates/units or branches. The Bank allocates credits within the limits set based on each debtor or group of debtors. The system prevents customers from exceeding the credit risk limit.

Albaraka Türk pays particular attention to preventing any sector concentration that may adversely affect the credit portfolio. Utmost care is taken to prevent the risk of concentration on a small number of customers. Credit risk is constantly monitored and reported by the Bank’s units under internal systems and the risk management system. In this way, the Bank ensures that credit risk complies with the “Regulation on Credit Policies and Implementation Procedures.”

Operational Risk

Operational risk is defined as the risk of loss due to insufficient or unsuccessful internal processes, people, and systems or loss due to external effects. Legal risk and compliance risk are included in this risk group, while reputation risk and strategic risk (making wrong decisions at the wrong time) do not fall under this risk type.

Operational risk is a type of risk inherent in all Bank operations and activities. Operational risk may arise from employee or system errors; transactions that may be performed based on insufficient or incorrect legal information or documentation; impediments to the flow of information between divisions in the organizational structure of the Bank; uncertainties in the limits of powers; or structural and/or operational changes, natural disasters, terrorism, and fraud incidents.

The Bank classifies operational risk into five groups according to their respective source: employee risk, technology-related risks, organizational risk, legal and compliance risk, and external risks.

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

Other Risks

Other risks Albaraka Türk might face include strategic risk, reputation risk, counterparty credit risk, country risk and concentration risk.

Regarding strategic risk, the Bank aims to make rational decisions and adapt to emerging conditions by closely monitoring economic conditions, technology, financial and social developments, as well as the legal and regulatory environment and the banking sector in Turkey and abroad.

Reputation risk for Albaraka Türk encompasses any factor that constitutes a possibility of loss for the Bank. These factors include negative perception of the Bank by different or related parties including existing or potential customers, partners, competitors or supervisory bodies; loss of confidence in the Bank or ruined reputation due to non-compliance with applicable laws. For the risk of reputation to be avoided and/

or controlled by the Bank’s Risk Management System, a proactive communication mechanism that gives the customers priority is established any time a condition that could detriment the Bank’s reputation or image is detected.

As part of this system, preparations are already in place for worst case scenarios. While evaluating reputation risk, the system considers operational risk in relation to reputation risk, as well as its level and impact on reputation risk. Counterparty credit risk refers to the possibility that the counterparty of a transaction, which brings about liabilities to both parties, defaults before making the final payment in the cash flow. The Bank manages counterparty credit risk according to the volume, nature and complexity of the activities, in due consideration of best practices and in line with applicable legal and regulatory requirements.

Country risk refers to possible losses that the Bank may incur when borrowers in a country are unable to fulfill or avoid fulfilling their overseas obligations due to the uncertainty of economic, social and political conditions in the relevant country. In due consideration of the legal and regulatory environment, market conditions and customer satisfaction, Albaraka Türk forges commercial ties to foreign financial institutions and countries in light of feasibility studies focused on the economic conditions of each country.

Concentration risk is defined as the possibility that the amount of a single risk or the amount of certain risk types resulting in high losses that could threaten the Bank’s operations and its ability to perform its core business activities. Policies on concentration risk are divided into sector concentration, concentration based on collateral, concentration based on market risk type, concentration based on loss type, and concentration arising from creditors.

Assessment of Internal Control, Internal Audit and Risk Management Systems by the Audit Committee

To monitor and control its risk exposure, Albaraka Türk has developed adequate and efficient internal systems, consistent with the scope and structure of its business activities. These internal monitoring and control systems accommodate the dynamic operating environment and encompass all Bank branch locations and divisions. The internal systems also operate in accordance with the methods and principles stipulated by applicable laws, rules and regulations.

The Inspection Board, Internal Control Department, Risk Management Department, and Legislation and Compliance Department all fall within the scope of the internal systems. These units and departments operate under the supervision of the Audit Committee and the Board of Directors.

The Inspection Board carries out the function of audit that is inclusive of all the activities of the Bank, in which respect, the Board executes the processes of audit, inspection, and investigation. Efforts are made to provide assurances to senior management not only in that the Bank's activities are being carried out in line with the requirements of current laws and regulations as well as with the Bank's own strategies, policies, principles, and objectives but also that the Bank's internal control and risk management systems are effective and adequate.

The Inspection Board fulfills its audit responsibilities based on a risk-focused approach. Emerging technologies are utilized and compliance of the Bank's operations with internal and external regulations is evaluated during audits.

The Internal Control Department conducts risk-focused and interactive controls through Head Office, Branch, Data Analytics and Methodology, and Information Systems control services to ensure that banking operations are executed in an organized, effective and reliable manner at the Head Office units and branches.

The Control Service in the headquarters actively participates in risk control self-assessment studies, process modeling and projects. Together with business units; processes are reviewed, risks on these processes are identified, controls related to risks are recommended. This contributes to the establishment and development of an internal control environment and internal control system across the Bank. Transactions and activities that are generally considered important and risky by the Bank were remotely and periodically monitored and examined through computer-aided auditing programs and techniques.

Branch Control Service conducts central controls over system records and on-site controls at branches. With central controls, the processes of the branches are continuously tested, the transactions carried out at the branches are selected through ACL scenarios and controlled by sampling method through the internal control portal. On-site control activities are held at branches selected in line with the annual plan; as a result of on-site controls, the findings and evaluations regarding the control environment of the branches and information on the training provided are shared with the relevant parties.

Data Analytics Control and Methodology Service carries out control activities that make accurate and reliable measurements, help to make more accurate and decisions, realize the potential to create added value in control processes and maintain the ability to show a proactive approach in control processes in line with the Bank's strategy and objectives. Control activities are held dynamically with a process that focuses on data, updates critical risks consistently, is based on quantitative foundations and is measurable. Focusing on data-enabled controls, the Board of Directors, Senior Management and other stakeholders are informed on the risk status of the Bank via instant reports.

The Information Systems Control Service controls the Bank's information systems, processes and all other elements related to the information systems infrastructure with a risk-based approach. The service also conducts studies for reviewing technical competence and risk analyses prepared for service support companies. In addition to the control activities carried out on a regular basis, the service also conducts risk-focused examinations on different IT subjects and carries out consultancy studies if requested by the units.

The findings, opinions and recommendations at the end of internal control activities are initially shared and evaluated with the personnel who conduct these efforts. This approach helps the Bank quickly take and implement necessary complementary and preventive measures, while introducing appropriate and feasible solutions that can improve existing business processes and operations. All these efforts are monitored and evaluated closely and continuously by staff members who carry out the banking activities as well as internal control employees.

The Risk Management Department identifies, measures, monitors, controls and reports the Bank's risk exposure. In the monitoring and evaluation of credit risk, which is the most important risk type among the functional activities, the riskiness and composition of the credit portfolio are taken into account.

Risk measurement models are used for testing purposes in order to calculate market risk other than the standard method which is currently used for measuring and reporting market risk. With backtesting applications, deviations between actual values and daily VaR values, predicted by risk measurement models, are determined for the purpose of testing the accuracy and performance of these models. The potential strength of the portfolio against unexpected risks is measured with stress tests including stress scenarios. Whether the market risk of the Bank is in conformity with legal regulations and with the limits determined is constantly monitored.

Risks other than the credit and market risk to which the Bank is exposed, are prioritized and subjected to review and evaluation and constantly monitored to determine whether they are at an acceptable level or not.

The Legislation and Compliance Department is responsible for managing compliance risk effectively. The Department also examines the effects of domestic and international regulations on the Bank's operations; follows up and reports on establishing mechanisms that ensure compliance with amendments to such regulations; presents information and opinions to the Board of Directors regarding planned business activities and new products

and procedures; organizes meetings with the participation of relevant units to evaluate whether the services purchased by the Bank fall under the scope of the Regulation on Procurement of Support Services by Banks; provides feedback to relevant Head Office units as a result of decisions taken at these meetings, and coordinates the communication and application processes carried out before regulatory and supervisory authorities.

To ensure Albaraka Türk's compliance with the obligations stipulated under Law No. 5549 on the Prevention of Laundering Proceeds of Crime, the Legislation and Compliance Department is responsible for performing the following tasks: Devising relevant policies and procedures for the Bank; conducting risk management, monitoring and control activities; reviewing the effectiveness and reliability of such activities; organizing training efforts; developing necessary warning systems in relation to control and monitoring processes; establishing and ensuring the functioning of systems to guarantee adoption of the aforementioned; and checking whether or not the Bank's business activities comply with the regulatory framework on the Prevention of Laundering Proceeds of Crime.

Staff members appointed to the units under internal systems perform their tasks in an independent and impartial manner; in addition, these employees have sufficient professional knowledge and experience. The activities of the units within internal systems are evaluated periodically by the Audit Committee and the Board of Directors.

Mustafa Büyükbacı
Audit Committee Chairman

Dr. Mohamed Ali CHATTI
Audit Committee Member

Dr. Bekir PAKDEMİRLİ
Audit Committee Member

Managers of Internal Audit Systems

Name and Surname	Duty	Education	Experience (Years)	Length of Service at Albaraka Türk	Length of Service in His/Her Area
Ahmet UYSAL	Chairman of the Internal Audit Department	Master's Degree	17 years	17 years	14 years
Erdal SEZER	Acting Head of Risk Management	Bachelor's Degree	21 years	21 years	1 month
Ahmet Faruk DEĞİRMENCİ	Head of Internal Control	Bachelor's Degree	15 years	15 years	6 years
Ahmet KOÇ	President of Legislation and Compliance	Bachelor's Degree	25 years	25 years	12 years

Ahmet UYSAL
Chairman of the Internal Audit Department

Born in Istanbul in 1981, Uysal graduated from Istanbul University, Faculty of Economics, Department of Finance, and received his MBA in the Department of Business Administration. Uysal began his professional career in 2003 and joined Albaraka Türk in 2005. Having served in positions such as Inspector and Branch Manager, he has been named Chairman of the Internal Audit Department in January 2017.

Erdal SEZER
Acting Head of Risk Management

Born in Istanbul in 1976, Sezer is a graduate of Hacettepe University, Business Administration in English. He started his professional life at Albaraka Türk as an Assistant Inspector in 2002 and worked as a manager in the Credit Allocation Department between 2008-2014. He became Manager of Product Management unit in 2014 and manager at Digital Branch Management in 2014. He has been serving as the Deputy Head of Risk Management since February 2023.

Ahmet Faruk DEĞİRMENCİ
Head of Internal Control

Born in 1984, Değirmenci graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Finance. He started his career in 2007 as Assistant Auditor at Albaraka Türk. He served as an investigator and vice president and since January 2017, he has been the president of the Internal Control Department.

Ahmet KOÇ
President of Legislation and Compliance

Born in 1970, he graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration. He started his career in 1996 as Assistant Specialist at Albaraka Türk. After passing various exams, he worked as Assistant Inspector, and Inspector for 6 years at the Board of Inspectors. Between June 2004 - November 2012, he served as President of Compliance. Subsequently, he worked as Unit Manager for 10 years in various units (Banking Services Department, Foreign Relations Department, Training Department, Credit Risk Monitoring Department) and was named President of Legislation and Compliance on March 1, 2019. He still serves in this position.

Albaraka Türk's Ratings by Credit Rating Agencies

CREDIT RATING	
Standard & Poor's (20 June 2022)*	
Long Term Credit Rating	B-
Short Term Credit Rating	B
Long Term National Credit Rating	trBB+
Short Term National Credit Rating	trB
Outlook	Negative

CORPORATE GOVERNANCE COMPLIANCE RATINGS

DRC Rating (17 May 2022)	
Compliance to Corporate Governance Principles	9.14
Shareholders	9.21
Public Disclosure and Transparency	9.30
Stakeholders	9.22
Board of Directors and Executives	8.95

*On 14.12.2022, the credit rating agreement between Albaraka Türk and the international credit rating agency Standard & Poor's (S&P) was terminated by mutual agreement.

The ratings given to our Bank by S&P were affirmed as Long Term Credit Rating: B- and Short Term Credit Rating: B Outlook as Negative and later withdrawn.

Provision Policy

Explanations on provisions for expected losses

The Bank reserves provisions for the expected losses for its financial assets measured at amortized cost and by reflecting fair value difference to other comprehensive income. Pursuant to the "Regulation on Classification of Loans and the Provisions to be Allocated for Them" published in June 22, 2016 dated Official Gazette no. 29750, the Bank has started to allocate impairment provisions in accordance with the provisions of the TFRS 9 as of January 1, 2018. Within this framework, as of 31 December 2017, the method for allocating provisions for losses under the relevant legislation of the BRSA was changed with the expected credit losses model following the implementation of IFRS 9.

Provisions released in the same year are registered as a credit under the "Provision Costs," released portion of the previous period provisions are recognized under "Other Operating Income." The expected credit impairment model is applied to other instruments registered in the comprehensive income statement based on the amortized cost or the fair value (such as bank placements, loans and financial leasing receivables) and to the financial leasing receivables whose fair value impairment cannot be measured by profit/loss, contractual assets, credit commitments and financial guarantee agreements.

The guiding principle of the expected credit impairment model is to reflect the overall picture of the increase or improvement of the credit risk in financial instruments. The amount of loss provision depends on the level of the increase in the credit risk from the first issue of the loan. The expected credit loss is an estimate of the expected losses from the loan during the life of a financial instrument, and the following points are considered to be important for measurement:

A neutral amount weighted according to the likelihood determined by taking into account possible results,

Reasonable and supported information based on estimation of past events, current conditions and future economic conditions that can be achieved without excessive cost and effort as of the reporting date.

The provisions for these financial assets are calculated by using two different approaches, the 12 months expected credit loss and the lifetime expected credit loss. Moreover, they were divided into 3 categories based on the increase in the credit risk from the introduction of the relevant financial asset into the financial statements:

Parameters used in the calculation of expected loss provisions:

The probability of default (PD)

The term describes the likelihood of a default of credit over a particular time horizon. In accordance with IFRS 9, the bank uses two different default probability values in the calculation of the expected credit loss:

- 12-Month Default Probability: Estimation of the probability of default within 12 months after the reporting date.
- Lifetime Default Probability: Estimation of the probability of default over the expected life of the financial instrument.
- Loss in Case of Default (THK): It refers to the amount of economic loss when a borrower defaults on a loan. It is expressed as a ratio.
- Default Amount (TT): The number of outstanding cash loans as of the reporting date. In non-cash credits and commitments, it refers to the amount calculated using the deposit to loan ratio. The deposit to loan ratio corresponds to the deposit to loan ratio used in the adaptation of the possible risk increased between the current date and date of default.

12 Months Expected Loss Provision (Stage 1)

Financial assets that do not demonstrate a significant increase in credit risk at their introduction in the financial accounts or later. Their maturity does not exceed 30 days. For these assets, provision for credit risk impairment is recognized as the amount of provision for 12 months' expected credit loss. It applies to all assets unless there is a significant deterioration in credit quality. 12 months expected credit loss values are included in the lifetime expected credit loss calculation (within 12 months following the reporting date or shorter if the life of a financial instrument in less than 12 months).

Significant Increase in Credit Risk (Stage 2)

If there is a significant increase in the credit risk following the introduction of a financial asset in the financial statements, it is transferred to Stage 2. The provision for credit risk impairment is determined based on the lifetime expected credit loss provision of the related financial asset.

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

- Loans over 30 days but not exceeding 90 days,
- Data received from the early warning system and the assessment of the bank in such a case,
- Conclusion of the bank management that there is a significant increase in the credit risk after the comparison with the default risk at the beginning performed to determine whether the client's default risk has increased significantly since the initial recognition of the loan,
- In loans whose reimbursement solely depends on collateral, loans the net realizable collateral value of which is lower than the receivable amount.

Default (Stage 3/Special Provision)

According to the internal procedures of the Bank, if the following conditions are present, the relevant financial asset is considered to be in default:

- Loans that are not paid for 90 days from the last installment date (in this case, the client is monitored on the 91st day),
- Loans reconstructed and classified as living receivables not paid for 30 days within the monitoring period of one year (In such case, the client is started to be monitored on the 31st day),
- Loans reconstructed and classified as living receivables and reconstructed at least for the second time within the monitoring period of one year,
- Client loans that are partially removed from assets or acquired as collateral to offset the loan debts or paid in goods and services.

Note: Due to the pandemic, regulations were made by the BRSA regarding the number of delay days. In 2020, 90 days for 1st stage, 90-180 days for 2nd stage and 180 days for 3rd stage were used as delay criteria. Although the relevant standards and regulations have not changed, it is acted according to the Presidential decree.

Advisory Board Report

To Al Baraka Türk Participation Bank Stakeholders,

The advisory committee has prepared the following report within the scope of its authorities and duties:

The principles and agreements regarding the transactions and practices of the Bank within the relevant period were examined. The examination was carried out in order to create an opinion on whether the Bank complied with the principles and standards of interest-free banking and the decisions of our Committee.

The senior management of the Bank is responsible for conducting the activities of the financial institution in accordance with interest-free banking principles and standards (and the decisions of our Committee). It is the responsibility of our Committee to form and report an independent opinion within the framework of the examination of the Bank's activities.

The examination was carried out by checking the relevant documents and processes on the basis of each type of transaction carried out by the Bank.

The examination was planned and carried out to obtain all the necessary information and explanations to obtain sufficient evidence to provide reasonable assurance that the Bank does not violate the principles and standards of interest-free banking and the decisions of our Committee.

According to our opinion:

a) During the period until 31.12.2022, the contracts, transactions and relations to which the Bank is a party are in accordance with the principles and standards of interest-free banking and the decisions of the Advisory Committee.

b) The application of dividend allocation and loss reflection to participation accounts complies with the principles approved by our Committee in line with the interest-free banking principles and standards.

c) All revenues obtained through the means/from sources that are not compliant with interest-free banking principles and standards were given as donations.

May Allah's mercy and blessings be upon you.

Date: 11.01.2023

Advisory Committee Members:

Sheikh Yousef KHALAWI

Prof. Dr. Hamdi DÖNDÜREN

Prof. Dr. Necmettin KIZILKAYA

Compliance Reports

Convenience Translation into English of
Independent Auditor's Report Originally Issued in Turkish on the Board of Directors' Annual Report



To the General Assembly of Albaraka Türk Katılım Bankası A.Ş.

1. Qualified Opinion

We have audited the annual report of Albaraka Türk Katılım Bankası A.Ş. (the "Bank"), and its consolidated subsidiaries (collectively referred as the "Group") of for the accounting period of 1 January 2022 - 31 December 2022.

In our opinion, except for the matter described in the Basis for Qualified Opinion section below, the financial information and the analysis made by the Board of Directors by using the information included in the audited unconsolidated and consolidated financial statements regarding the Bank's and Group's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set unconsolidated and consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Qualified Opinion

As expressed in Basis for Qualified Opinion section of our auditor's report dated 17 February 2023 on the full set unconsolidated financial statements of the Bank for the period between 1 January 2022 - 31 December 2022 and as expressed in Basis for Qualified Opinion section of our auditor's report dated 3 March 2023 on the full set consolidated financial statements of the Group for the period between 1 January 2022 -31 December 2022; unconsolidated and consolidated financial statements include of a free provision amounting to TL 1.800.000 thousand which consist of TL 100.000 thousand provided in prior periods and TL 1.700.000 thousand recognized in the current year by the Bank and Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Independent Auditor's Responsibility in the Audit of the Annual Report" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

3. Our Audit Opinion on the Full Set Unconsolidated and Consolidated Financial Statements

We expressed a qualified opinion in the auditor's reports dated 17 February 2023 on the full set unconsolidated financial statements of the Bank for the 1 January 2022 - 31 December 2022 period and dated 3 March 2023 on the full set consolidated financial statements of the Group for the 1 January 2022 - 31 December 2022 period.

4. Board of Director's Responsibility for the Annual Report

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No.26333 dated 1 November 2006 are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Bank after the operating year,
- the Bank's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.

5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of the TCC, Communiqué and "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited unconsolidated and consolidated financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the SIAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited unconsolidated and consolidated financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements and with the information obtained in the course of audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner

Istanbul, 6 March 2023


Limited Assurance Report



Limited Assurance Report
to the Board of Directors of Albaraka Türk Katılım Bankası A.Ş

We have been engaged by the Board of Directors of Albaraka Türk Katılım Bankası A.Ş (“Albaraka Türk” or the “Bank”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the Albaraka Türk 2022 Integrated Annual Report (the “2022 Integrated Annual Report”) for the year ended 31 December 2022 and listed below.


Selected Information

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the page 165 of the 2022 Integrated Annual Report with the sign  is summarised below:

- Fuel Consumption By Fuel Type And Purpose Of Use
 - o Natural Gas Consumption (m3)
 - o Electricity Consumption (kWh)
 - o Fuel Oil Consumption (L)
 - o Coal Consumption (ton)
 - o Diesel Consumption (L)
 - o Gasoline Consumption (L)
 - o Refrigerant Gas Usage (kg)
- Indicators From Transportation
 - o Total Annual Mileage of Air Travel for Business (km)
- Greenhouse Gas Emission Indicators
 - o Scope 1 Greenhouse Gas Emissions (tonnes CO2e)
 - o Scope 2 Greenhouse Gas Emissions (tonnes CO2e)
 - o Scope 3 Greenhouse Gas Emissions (tonnes CO2e)
 - o Scope (1 & 2) (tonnes CO2e)
 - o Greenhouse Gas Emission Intensity (Annual (tons CO2e)/Million TL Total Assets)
- Water Use Indicators
 - o Total Annual Water Consumption by Source (m3)
 - o Amount of Water Discharged by Source (m3)

- Waste Indicators
 - o Electronic Waste (kg)
 - o Paper (kg)
 - o Waste Oils (kg)
 - o Monetary Value of Fines Taken for Non-compliance with Environmental Laws and Regulations (TL)
- Sustainable Business Model Indicators
 - o Installed Capacity of Renewable Energy Projects Financed by the End of 2022 (MW)
 - o Number of Renewable Energy Projects Funded by Type as of the End of 2022 (#)

- Occupational Health and Safety Indicators
 - o Number of Accidents (#)
 - o Number of Fatal Cases (#)
 - o Number of Occupational Diseases (#)
 - o Number of Lost Work Days (#)
- Main Indicators of Human Assets
 - o Number of Senior, Intermediate and Entry Level Female Managers (#)
 - o Ratio of Female Employees in STEM Roles (%)
 - o Ratio of Female Managers in Income Generating Roles (%)
 - o Number of Employees on Maternity Leave (#)
 - o Rate of Employees Returning to Work After Maternity Leave (%)
 - o Number of Employees on Paternity Leave (#)
 - o Number of Employees Hired (#)
 - o Employee Turnover Rate (%)
 - o Volunteer Turnover Rate (%)
 - o Total Training Hours (hours)
 - o Training Hours per Person (hours)
- Social Impact Indicators
 - o Total Corporate Responsibility Investments Made in 2022 (TL)

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with  in the 2022 Integrated Annual Report and, any other elements included in the 2022 Integrated Annual Report and, therefore, do not express any conclusion thereon.



Limited Assurance Report

Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section “Albaraka Türk 2022 Integrated Annual Report – Reporting Principles” (the “Reporting Principles”) on pages 166, 167, 168, 169, 170 and 171 of the 2022 Integrated Annual Report.

The Bank's Responsibility

The Bank is responsible for the content of the 2022 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Principles.

In particular, the conversion of different energy measures to Megawatt (MW) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/ or derived by independent third parties as explained in the Reporting Principles. Our assurance work has not included examination of the derivation of those factors and other third-party information.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Principles. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information’, and, in respect of greenhouse gas emissions, International Standard on Assurance Engagements 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and
- undertook analytical procedures over the reported data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Bank’s Selected Information for the year ended 31 December 2022, is not properly prepared, in all material respects, in accordance with the Reporting Principles.

Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Bank as a body, to assist the Board of Directors in reporting Albaraka Türk Katılım Bankası A.Ş.’s performance and activities related to the Selected Information. We permit the disclosure of this report within the 2022 Integrated Annual Report for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Albaraka Türk Katılım Bankası A.Ş as a body and Albaraka Türk Katılım Bankası A.Ş for our work or this report save where terms are expressly agreed and with our prior consent in writing.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer, SMMM
Partner

Istanbul, 6 March 2023



Appendices

Albaraka Türk ESG Performance Indicators

FUEL CONSUMPTION BY FUEL TYPE AND PURPOSE OF USE		
Natural Gas Consumption (m³)	502,402.67	✓
Electricity Consumption (kWh)	14,186,402.03	✓
Fuel Oil Consumption (L)	0	✓
Coal Consumption (Ton)	0	✓
Diesel Consumption (L)	652,104.65	✓
Gasoline Consumption (L)	2990.16	✓
Refrigerant Gas Usage (kg)	469.97	✓
INDICATORS FROM TRANSPORTATION		
Total Annual Mileage of Business Airplane Travel (km)	347,935.00	✓
GREENHOUSE GAS EMISSION INDICATORS		
Scope 1 Greenhouse Gas Emissions (tonnes CO ₂ e)	4,036.68	✓
Scope 2 Greenhouse Gas Emissions (tonnes CO ₂ e)	5,942.19	✓
Scope 3 Greenhouse Gas Emissions (tonnes CO ₂ e)	92.10	✓
Scope (1 & 2) (tonnes CO ₂ e)	9,978.87	✓
Greenhouse Gas Emission Intensity (Annual (tons CO ₂ e)/Million TL Total Assets)	0.07	✓
WASTE INDICATORS		
Electronic Waste (kg)	1,170	✓
Paper (kg)	8,742	✓
Waste Oils (kg)	297	✓
Monetary Value of Fines Taken for Non-compliance with Environmental Laws and Regulations (TL)	0	✓
SUSTAINABLE BUSINESS MODEL INDICATORS		
Installed Capacity of Renewable Energy Projects Financed by the End of 2022 (MW)	531	✓
Number of Renewable Energy Projects Funded by Type as of the End of 2022 (#)	83	✓
WATER USE INDICATORS		
Total Annual Water Consumption by Source (m³)	44,771.95	✓
Amount of Water Discharged by Source (m³)	14,923.98	✓

OCCUPATIONAL HEALTH AND SAFETY INDICATORS		
Number of Accidents (#)	5	✓
Number of Fatal Cases (#)	0	✓
Number of Occupational Diseases (#)	0	✓
Number of Lost Work Days (#)	7	✓
MAIN INDICATORS OF HUMAN ASSETS		
Number of Female Employees (#)	389	✓
Number of Senior, Intermediate and Entry Level Female Managers (#)		
Number of Female Executives at Senior Level (#)	1	✓
Number of Female Managers at Intermediate Level (#)	1	✓
Number of Female Executives at Entry Level (#)	31	✓
Ratio of Female Employees in STEM Roles (%)	24.5	✓
Ratio of Female Managers in Income Generating Roles (%)	4.7	✓
Number of Employees on Maternity Leave (#)	45	✓
Rate of Employees Returning to Work After Maternity Leave (%)	100	✓
Number of Employees on Paternity Leave (#)	127	✓
Number of Employees Hired (#)	255	✓
Employee Turnover Rate (%)	17	✓
Volunteer Turnover Rate (%)	8.7	✓
Total Training Hours (hours)	185,713.3	✓
Training Hours Per Person (hours)	57.44	✓
SOCIAL IMPACT INDICATORS		
Total Corporate Responsibility Investments Made in 2022 (TL)	32,250,181	✓

Appendix-1: Albaraka Türk 2022 Integrated Annual Report - Reporting Principles

This reporting principles (the “Reporting Principles”) provides information on the data preparation and reporting methodologies of indicators within the scope of the limited assurance in the Albaraka Türk Katılım Bankası A.Ş.'s (the “Company” or “the Bank”) 2022 Annual Report (the “2022 Annual Report Report”).

The indicators include social indicators, environmental indicators and economic indicators. It is the responsibility of the Company's management to ensure that appropriate procedures are in place to prepare the indicators mentioned above in line with, in all material respects, the Guidance.

The data included in this guideline is for the fiscal year ended December 31, 2022, and as detailed in the “Key Definitions and Reporting Scope” section, included the Head Office, Regions and Branches under the responsibility of Albaraka Türk Katılım Bankası A.Ş. as detailed in the “Key Definitions and Scope of Reporting” section.

General Reporting Principles

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

Key Definitions and Reporting Scope

For the purpose of this report, the Bank makes the following definitions:

Type	Indicator	Scope
Environmental	Fuel Consumption By Fuel Type And Purpose Of Use	
	Natural Gas Consumption (m³)	In the reporting period, it refers to the amount of natural gas consumption monitored from the invoices of the service provider companies of the Bank. The Headquarters, Regions and Branches are included.
	Electricity Consumption (kWh)	In the reporting period, it refers to the electricity consumption of the Bank, which is monitored from the invoices of the service provider companies. The Headquarters, Regions and Branches are included.
	Fuel Oil Consumption (L)	In the reporting period, it refers to the amount of fuel oil consumed within the corporate boundaries of the Bank, which is monitored from the invoices of the service provider companies.
	Coal Consumption (ton)	In the reporting period, it refers to the amount of coal consumption monitored from the Bank's purchase invoices. Balıkesir Branch is included in the calculation and the consumption amount was zeroed after the Branch moved to natural gas.
	Diesel Consumption (L)	In the reporting period, the Bank's consumption amount from third party companies represents the sum of diesel fuel consumption of company vehicles, generator diesel fuel consumption monitored from invoices, and diesel fuel consumption for heating purposes monitored from the invoices of service provider companies.
	Gasoline Consumption (L)	In the reporting period, it refers to the amount of gasoline consumption of the Bank's company vehicles whose consumption amount is monitored from the third party company.
	Refrigerant Gas Usage (kg)	In the reporting period, it refers to the amount of refrigerant gas amount monitored from the service forms of the Bank's air conditioner maintenance company.

Type	Indicator	Scope
Environmental	Indicators From Transportation	
	Total Annual Mileage of Air Travel for Business (km)	In the reporting period, it refers to the flight kilometers of the Bank's personnel's air travel, which are tracked by the agencies that the Bank receives service from.
	Greenhouse Gas Emission Indicators	
	Scope 1 Greenhouse Gas Emissions (tonnes CO ₂ e)	In the reporting period, it refers to the direct greenhouse gas emission amount of the Bank arising from the diesel consumption of company vehicles whose consumption amount is monitored from third party companies, generator diesel consumption monitored from invoices, diesel consumption amount for heating purposes monitored from invoices of service provider companies, natural gas amount monitored from invoices of service provider companies, gasoline consumption of company vehicles whose consumption amount is monitored from third party companies, refrigerant gas amount monitored from service forms of air conditioner maintenance company.
	Scope 2 Greenhouse Gas Emissions (tonnes CO ₂ e)	In the reporting period, it refers to the indirect greenhouse gas emission amount caused by the electricity consumption tracked from the invoices of the Bank's service provider companies.
	Scope 3 Greenhouse Gas Emissions (tonnes CO ₂ e)	In the reporting period, it refers to the amount of indirect greenhouse gas emissions caused by the flight kilometers of the Bank's personnel's air travel tracked by the agencies from which the Bank receives services and the total paper consumption used for printers in the Bank and Branches, tracked by the Bank's printer reports.
	Scope (1 & 2) (tonnes CO ₂ e)	In the reporting period, it refers to the sum of the Bank's Scope 1 and Scope 2 greenhouse gas emission amount.
	Greenhouse Gas Emission Intensity (Annual (tons CO ₂ e)/ Million TL Total Assets)	In the reporting period, the ratio of the Bank's Scope 1, Scope 2 and Scope 3 emissions to Total Assets million TL in the Financial Report dated 31.12.2022.
	Water Use Indicators	
	Total Annual Water Consumption by Source (m³)	In the reporting period, it refers to the amount of water consumption from the network, which is monitored by the invoices of the Bank's service providers. The Headquarters, Regions and Branches are included.
	Amount of Water Discharged by Source (m³)	In the reporting period, it refers to the amount of water discharged calculated by assuming that 1/3 of the water consumption amount taken from the network, which is monitored by the invoices of the service provider companies of the Bank, is discharged.
	Waste Indicators	
	Electronic Waste (kg)	In the reporting period, it refers to the amount of electronic waste calculated by proportioning the Bank's 2-month consumption to 12 months by following up in May and June. Only the Headquarters is included.
	Paper (kg)	In the reporting period, it refers to the amount of mixed paper waste, which is calculated by following up the Bank's consumption in May and June, and by dividing the 2-month consumption by 12-months. Only Headquarters is included.
	Waste Oils (kg)	In the reporting period, it refers to the amount of waste oil that was monitored in May and June of the Bank and given to the organization that has a license to receive vegetable oil, calculated by the ratio of 2-month consumption to 12-month consumption. Only the Headquarters is included.
	Monetary Value of Fines Taken for Non-compliance with Environmental Laws and Regulations (TL)	In the reporting period, it represents the monetary value of the fines imposed due to non-compliance with the Environmental Law No. 5909 and the regulations imposed by the Law, which are monitored from the Bank's paid penalty receipts.

Appendix-1: Albaraka Türk 2022 Integrated Annual Report - Reporting Principles

Type	Indicator	Scope
Environmental	Sustainable Business Model Indicators	
	Installed Capacity of Renewable Energy Projects Financed by the End of 2022 (MW)	In the reporting period, it refers to the installed capacity of the Bank's renewable energy projects including Solar Power Plants, Hydroelectric Power Plants, Biomass Power Plants, Wind Power Plants, financed from 2010 until the end of the reporting period, which are followed up with contracts and senior management approvals.
	Number of Renewable Energy Projects Funded by Type as of the End of 2022 (#)	In the reporting period, it refers to the number and power of renewable energy projects including Solar Power Plants, Hydroelectric Power Plants, Biomass Power Plants, Wind Power Plants, financed from 2010 until the last date of the reporting period, which are followed by the Bank's contracts and senior management approvals.
Social	Occupational Health and Safety Indicators	
	Number of Accidents (#)	In the reporting period, it refers to the number of occupational accidents monitored through notifications made to the Social Security Institution, in which an employee of the Bank is injured in a work-related activity, which causes the employee to be directed to do his/her own job for less time or to a simpler job. Subcontractors are not included.
	Number of Fatal Cases (#)	In the reporting period, it refers to the number of the Bank's employees who fall within the definition of "fatal occupational accident" within the scope of the Occupational Health and Safety Law No. 6331, which is monitored through notifications made to the Social Security Institution. Subcontractors are not included.
	Number of Occupational Diseases (#)	In the reporting period, it refers to the number of occupational diseases of the Company's employees that fall under the definition of "occupational disease" within the scope of the Occupational Health and Safety Law No. 6331 and are monitored through notifications made to the Social Security Institution. Subcontractors are not included.
	Number of Lost Work Days (#)	In the reporting period, it refers to the total number of lost working days due to accidents that occurred to the Bank's employees during a work-related activity and prevented them from coming to work on the next shift or the next working day, which are monitored through notifications made to the Social Security Institution, including death, lost time injury, limited incapacity for work and medical treatment applications. Subcontractors are not included.
	Main Indicators of Human Assets	
	Number of Female Employees (#)	In the reporting period, the ratio of the number of female employees tracked by the Bank's Human Resources data platform, which can be mapped with financial reporting, to the total number of employees.
	Number of Senior, Intermediate and Entry Level Female Managers (#)	In the reporting period, the ratio of the number of female employees in the positions of General Manager, Deputy General Manager, Assistant General Manager, Assistant General Manager, Chief Legal Counsel, Director, intermediate-level manager, President, Unit Manager, Deputy Manager, Regional Manager, Branch Manager, entry-level manager, Vice President, Manager, Operations Manager.
	Ratio of Female Employees in STEM Roles (%)	In the reporting period, the ratio of the number of female employees working in the departments of Information Security, Information Technologies Infrastructure and Operations Department, Digital Channels and Payment Systems Development Department, which are monitored by the Bank's Human Resources data platform, to the total number of people working in the same departments.

Type	Indicator	Scope
Social	Ratio of Female Managers in Income Generating Roles (%)	In the reporting period, the ratio of the number of female employees working in departments other than Human Resources, Administrative Affairs, Information Technologies Infrastructure and Operations Department to the total number of employees working in departments other than Human Resources, Administrative Affairs, Information Technologies Infrastructure and Operations Department, which are monitored through the Bank's Human Resources data platform.
	Number of Employees on Maternity Leave (#)	In the reporting period, within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, it refers to the number of employees of the Bank who went on maternity leave within the periods specified in the regulation.
	Rate of Employees Returning to Work After Maternity Leave (%)	In the reporting period, the ratio of the number of employees returning from maternity leave to the number of employees on maternity leave within the periods specified in the regulation within the scope of the Regulation on Part-time Work to be Performed After Maternity Leave or Unpaid Leave.
	Number of Employees on Paternity Leave (#)	In the reporting period, the ratio of the number of employees who benefited from paternity leave to the number of employees who took paternity leave, which is monitored through notifications to the Social Security Institution.
	Number of Employees Hired (#)	In the reporting period, the number of people recruited by the Bank and declared to the Social Security Institution with the Employment Declaration within the reporting year.
	Employee Turnover Rate (%)	In the reporting period, the ratio of the number of employees who left the Bank's employment and declared to the Social Security Institution with the Declaration of Leaving Employment within the reporting year to the total number of employees.
	Volunteer Turnover Rate (%)	In the reporting period, the ratio of the total number of people who left the Bank only through resignation and who are followed up with resignation petitions, and whose reason for leaving the job is specified with the code "03" in the Social Security Institution resignation notification, to the total number of employees at the end of the reporting period and the total number of employees at the end of the previous year.
	Total Training Hours (hours)	In the reporting period, the total number of training hours tracked by the Bank's Albaraka Academy and Human Resources data platform.
	Training Hours per Person (hours)	In the reporting period, the ratio of the total number of training hours tracked through the Bank's Albaraka Academy and Human Resources data platform to the total number of employees.
	Social Impact Indicators	
	Total Corporate Responsibility Investments Made in 2022 (TL)	In the reporting period, it refers to the total amount of donations tracked and invoiced through the Bank's accounting data platform.



Appendix-1: Albaraka Türk 2022 Integrated Annual Report - Reporting Principles

Preparation of the Data

1. Environmental Indicators

Greenhouse Gas Emissions

The coefficients used in Scope 1, Scope 2 and Scope 3 GHG calculations are taken from the following national and international guidelines.

[Fuel Sourced Emission (FSE)=Activity Data (FV) * Emission Factor (EF) * Oxidation Factor (RF)]

Scope 1

Natural Gas:

Net Calorific Value

https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_1_Ch1_Introduction.pdf - Table 1.2

Emission Factor

https://www.ipccnggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf - Table 2.4

Tools:

Net Calorific Value

https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_1_Ch1_Introduction.pdf - Table 1.2

Emission Factor

https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_3_Ch3_Mobile_Combustion.pdf - Table 3.2.1 and Table 3.2.2

Diesel - For Heating:

Net Calorific Value

https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_1_Ch1_Introduction.pdf - Table 1.2

Emission Factor

https://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf - Table 2.4

Air Conditioning Gas (R22, R410a, R134a):

Global Warming Potential

https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5_Chapter08_FINAL.pdf

Scope 2

Electricity:

Emissions Factor - IEA Emissions Factors

Scope 3

Travel Mileage Calculation:

<https://www.distance.to/>

Emission Factor

https://www.epa.gov/sites/default/files/2021-04/documents/emission-factors_mar2020.pdf

Paper:

Emission Factor

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020>

Paper Recycling Emission Factor

D.A. Turner et al. / Resources, Conservation and Recycling 105 (2015) 186–197

Greenhouse Gas Intensity (annual tons CO₂e/TL total assets)

Formula:

(Scope 1 + Scope 2 + Scope 3) / TL Total Assets

2. Social Indicators

Ratio of Female Employees in STEM Roles (%)

Formula:

Number of female employees working in the departments of Information Security, Information Technologies Infrastructure and Operations Department, Digital Channels and Payment Systems Development Department / Total number of employees working in the departments of Information Security, Information Technologies Infrastructure and Operations Department, Digital Channels and Payment Systems Development Department

Ratio of Female Managers in Income Generating Roles (%)

Formula:

(Total Number of Bank Employees - Number of Female Employees in Human Resources, Administrative Affairs, IT Infrastructure and Operations Departments) / (Total Number of Bank Employees - Total Number of Employees in Human Resources, Administrative Affairs, IT Infrastructure and Operations Departments)

Rate of Employees Returning to Work After Maternity Leave (%)

Formula:

Number of employees returning from maternity leave / Number of employees leaving maternity leave

Employee Turnover Rate (%)

Formula:

Number of Employees Leaving / ((“31.12.2021 Total Number of Employees” + “31.12.2022 Total Number of Employees”) / 2)

Volunteer Turnover Rate (%)

Formula:

Number of Voluntary Leaves / ((“31.12.2021 Total Number of Employees” + “31.12.2022 Total Number of Employees”) / 2)

Restatements

The measurement and reporting of verified data inevitably involves a degree of estimation. In cases where there is a change of more than 5% in the data at the partnership level, a re-statement of opinion may be considered.



Statement of Responsibility Regarding 2022 Integrated Annual Report

Prepared in accordance with the Communiqué on Principles of Financial Reporting in Capital Markets (II-14.1) issued by the Capital Markets Board; Albaraka Türk Katılım Bankası A.Ş. Integrated Annual Report for the period 01.01.2022 - 31.12.2022 comprising financial and non-financial information, key performance indicators and targets; Corporate Governance Compliance Report and Corporate Governance Information Form have been reviewed by us.

In this context, we confirm and state that;

- Within the framework of our duties and responsibilities at Albaraka Türk Katılım Bankası A.Ş. and the information we possess, the report does not contain any deficiencies that may arise as a result of an untrue statement or misleading on important issues,
- As of the period of the report, the financial statements and the information on other financial matters in the report, together with the important risks and uncertainties about the financial position of the Bank, accurately reflect the truth,
- The information, targets and key performance indicators on non-financial issues in the report reflect the truth,
- The Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) have been reviewed, do not contain any deficiencies and reflect the truth.

Sincerely

Mustafa BÜYÜKABACI
Audit Committee Chairman

Mohamed Ali CHATTI
Audit Committee Member

Bekir PAKDEMİRLİ
Audit Committee Member

Malek Khodr TEMSAH
Board Member and General Manager

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT DECEMBER 31, 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(Convenience translation of the independent auditor's report and financial statements originally issued in Turkish - see section three Note I.b)

INDEPENDENT AUDITOR'S REPORT



To the General Assembly of Albaraka Türk Katılım Bankası Anonim Şirketi

A. Audit of the Unconsolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying unconsolidated financial statements of Albaraka Türk Katılım Bankası Anonim Şirketi (the “Bank”), which comprise the statement of unconsolidated balance sheet as at 31 December 2022, unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

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

2. Basis for Qualified Opinion

As explained in Section Five Part II. 5.b of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2022 include a free provision amounting to TL 1.800.000 thousand which consist of TL 100.000 thousand provided in prior periods and TL 1.700.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the “Regulation on Independent Audit of Banks” published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements” section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards)

(the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

3. Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans and receivables</p> <p>The Bank has total expected credit losses provision for loans and receivables amounting to TL 2.879.731 thousand in respect to total loans and receivables amounting to TL 74.596.011 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2022. Explanations and notes regarding the provision for impairment of loans are represented in Notes VII of Section Three, II.1 and X.c of Section Four and 1.6 of Section Five of the accompanying unconsolidated financial statements as at 31 December 2022.</p> <p>The Bank recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements and the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p> <p>The Bank uses complex models for determining significant increase in credit risk and calculation of TFRS 9 expected credit losses. Historical events and information used in current conditions and macro-economic expectations considered in expected loss accounting should be reasonable and supportable.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as historical loss experiences, current conditions, macro-economic expectations; the significance of the loans and receivables balances, the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Bank with respect to classification of loans and the calculation of expected credit losses in accordance with the applicable regulations. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>We checked appropriateness of matters considered in methodology applied by the Bank with TFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Bank's management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed reasonability and tested model segmentation, lifetime probability of default model, exposure at default calculation, loss given default model and the approaches to reflecting macroeconomic expectations with our financial risk experts. We have assessed interpretation of expert opinion regarding reasonable and supportable forward looking expectations (including macroeconomic factors) Our procedures also included the following:</p> <ul style="list-style-type: none">- Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used.- For a selected sample, we checked expected credit losses and receivables determined based on individual assessment per Bank's policy by means of supporting data, and evaluated appropriateness via communications with management.- We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.- We checked accuracy of resultant expected credit losses calculations on a sample basis.- To assess appropriateness of the Bank's determination of staging for credit risk in the framework of existing regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.- We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans and receivables.

4. Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2021 were audited by another auditor whose auditor's report dated 25 February 2022 expressed an unqualified opinion.

5. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

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

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

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

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

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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



INDEPENDENT AUDITOR'S REPORT

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2022. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner

Istanbul, 17 February 2023

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6 34768 Ümraniye/İstanbul
Bank's phone number and facsimile : 00 90 216 666 01 01 - 00 90 216 666 16 00
Bank's website : www.albaraka.com.tr
Electronic mail contact info : albarakatürk@albarakatürk.com.tr

The unconsolidated year ended financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is 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
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

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

Houssem BEN HAJ AMOR
Chairman of the Board of Directors

Malek Khodr TEMSAH
General Manager

Umut ÇAKMAK
Assistant General Manager

Kemaleddin DİLBAZ
Financial Reporting and
Budget Management Manager

Mustafa BÜYÜKABACI
Chairman of the Audit Committee

Bekir PAKDEMİRLİ
Member of the Audit Committee

Mohamed Ali CHATTI
Member of the Audit Committee

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

Name-Surname/Title : Bora ŞİMŞEK/Financial Reporting and Budget Management/Vice Manager
Telephone : 00 90 216 666 05 59
Facsimile : 00 90 216 666 16 11



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ALBARAKA TÜRK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022

(Thousand 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:

Albaraka Türk Katılım Bankası Anonim Şirketi (the Bank) was incorporated on November 5, 1984 with the name of Albaraka Türk Özel Finans Kurumu A.Ş., based on the decision of the Council of Ministers numbered 83/7506 and dated December 16, 1983 regarding establishments of Special Finance Houses and obtained the operating permission from the Central Bank of Türkiye with the letter numbered 10912 and dated January 21, 1985.

Special Finance Houses, operating in accordance with the Communiqués of Under Secretariat of Treasury and the Central Bank of Türkiye based on the decision of Council of Ministers numbered 83/7506, have been subjected to the provisions of the Banking Law numbered 4389 with the change of law dated December 17, 1999 and numbered 4491. Special Finance Houses have been subjected to the provisions of "Communiqué Related to the Incorporation and Activities of Special Finance Houses" published in the Official Gazette dated September 20, 2001 numbered 24529 by the Banking Regulation and Supervision Agency (BRSA). 'Communiqué Related to the Incorporation and Activities of Special Finance Houses' has been superseded by the 'Communiqué Related to Credit Operations of Banks 'published in the Official Gazette dated November 1, 2006 numbered 26333 and the Bank operates in accordance with the Banking Law numbered 5411 published in the Official Gazette dated November 1, 2005 numbered 25983.

The decision regarding the change in the title of the Bank, in relation with the provisions of the Banking Law numbered 5411, was agreed in the Extraordinary General Meeting dated December 21, 2005 and the title of the Bank was changed as "Albaraka Türk Katılım Bankası A.Ş.". The change in the title was registered in Istanbul Trade Registry on December 22, 2005 and published in the Trade Registry Gazette dated December 27, 2005, numbered 6461.

The Bank's head office is located in İstanbul and is operating through 223 (December 31, 2021: 229) local branches and 2 (December 31, 2021: 2) foreign branches and with 2.695 (December 31, 2021: 2.918) staff as of December 31, 2022.

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:

As of December 31, 2022, 43,37% (December 31, 2021: 36,29%) of the Bank's shares are owned by Albaraka Group, 8,30% (December 31, 2021: 15,38%) owned by Dallah Albaraka Group, 4,23% (December 31, 2021: 7,84%) owned by Islamic Development Bank, 42,02% (December 31, 2021: 36,93%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.

NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022

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

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

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD):	Housseem BEN HAJ AMOR	Chairman of BOD	Bachelor	-
Members of BOD:	Dr. Bekir PAKDEMİRLİ	Deputy Independent Member of BOD	Doctorate	-
	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	-
	Melikşah UTKU	Member of BOD	Master	-
	Ghassan Ahmed M. AMODI	Independent Member of BOD	Bachelor	-
	Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	-
	Azhar Aziz DOGAR	Member of BOD	Master	-
	Akram YASSIN	Member of BOD	Master	-
General Manager:	Malek Khodr TEMSAH	Member of BOD/General Manager	Master	-
Assistant General Managers:	Turgut SİMİTCİOĞLU	Chief Assistant General Manager	Master	-
	Muhammet Faruk TORLAK	Assistant General Manager Responsible for Credits	Doctorate	-
	Mehmet Emin ÇONKAR	Assistant General Manager Responsible for Credit Monitoring and Legal Follow-Up	Bachelor	-
	Serhan YILDIRIM	Assistant General Manager Responsible for Treasury and International Banking	Bachelor	-
	Muzaffer ÇÖLMEK	Assistant General Manager Responsible for Operations	Bachelor	-
	Mehmet ULUDAĞ	Assistant General Manager Responsible for Individual and Private Banking	Master	-
	Serhan AKYILDIZ	Assistant General Manager Responsible for Corporate Banking	Bachelor	-
	Umut ÇAKMAK	Assistant General Manager Responsible for Finance and Human Values	Bachelor	-
	Ömer EMEÇ	Assistant General Manager Responsible for Strategy and Transformation	Doctorate	-
	Yasemin AYDIN	Assistant General Manager Responsible for Information Technologies and Digital Channels Development	Master	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Dr. Bekir PAKDEMİRLİ	Member of Audit Committee	Doctorate	-
	Dr. Mohamed Ali CHATTI	Member of Audit Committee	Doctorate	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

IV. Information on the Bank's qualified shareholders:

The Bank's paid in capital amounting to TL 2.500.000 consists of 2.500.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 1.084.167 of the paid in capital is owned by qualified shareholders who are listed below.

Name/commercial name	Share amount (nominal)	Share ratio ^(*)	Paid shares	Unpaid shares
Albaraka Group	1.084.167	43,37%	1.084.167	-

(*) Shares purchased from Stock Exchange is not included.

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

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

The Bank classifies current and profit-sharing accounts separately from other accounts in accordance with their maturities. Profit sharing accounts are classified under six different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included), one year and more than one year (with monthly, quarterly, semiannual and annual profit share payment) and accumulated participation accounts.

The Bank may determine the profit rate following operating the participation accounts or estimated rates for investment agencies. The rate of participation accounts' participation to the loss is one hundred percent.

The Bank constitutes specific fund pools with minimum maturities of one month, to be allocated to individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are managed in accordance with their maturities and independently from other accounts and transfers from these accounts to any other maturity groups are not executed. Specific fund pools are liquidated at the end of the financing period.

In addition to its ordinary banking activities, the Bank operates as an insurance agency on behalf of Bereket Sigorta, Anadolu Sigorta, Türkiye Sigorta, Neova Sigorta, Coface Sigorta, HDI Sigorta and HDI Katılım Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Agesa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. and Oyak Yatırım Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services. Moreover, the Bank is involved in providing non-cash loans that mainly comprise letters of guarantee, letters of credit and acceptances.

Transactions which can be carried out by the Bank are not limited to the clauses listed above. If any activities other than those mentioned are considered as beneficial to the Bank, the application must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities which then needs to be approved by the Ministry of Trade since such applications are amendments in nature to the Article of Association. The application is included in the Article of Association after all necessary approvals are obtained.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

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:

The Bank consolidates Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha Gmbh the subsidiaries of the Bank, through equity method and full consolidation method, respectively. Real estate investment funds "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds: "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu" "Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Girişim Sermayesi Yatırım Fonu" and "Bereket One Ltd" and "Albaraka Sukuk Ltd", which are not subsidiaries of the Bank but over which the Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity".

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

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

SECTION TWO

The unconsolidated financial statements

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)****AS OF DECEMBER 31, 2022**

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

ASSETS	Notes (Section Five-I)	CURRENT PERIOD December 31, 2022			PRIOR PERIOD December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		12.561.907	37.196.320	49.758.227	5.231.761	35.729.094	40.960.855
1.1 Cash and Cash Equivalents	(1)	6.432.070	27.376.196	33.808.266	3.268.762	28.468.734	31.737.496
1.1.1 Cash and Balances with Central Bank		2.326.791	22.538.285	24.865.076	1.820.832	24.677.779	26.498.611
1.1.2 Banks		2.480.687	4.859.165	7.339.852	1.494.422	3.802.000	5.296.422
1.1.3 Money Market Placements		1.725.715	-	1.725.715	-	-	-
1.1.4. Expected Credit Losses (-)		101.123	21.254	122.377	46.492	11.045	57.537
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	5.265.144	8.433.506	13.698.650	1.492.874	6.889.642	8.382.516
1.2.1 Government Securities		3.005.016	8.381.142	11.386.158	707.698	6.850.649	7.558.347
1.2.2 Equity Securities		-	37.912	37.912	-	19.198	19.198
1.2.3 Other Financial Assets		2.260.128	14.452	2.274.580	785.176	19.795	804.971
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	850.542	1.386.618	2.237.160	381.640	370.718	752.358
1.3.1 Government Securities		650.796	603.298	1.254.094	373.973	353.699	727.672
1.3.2 Equity Securities		7.667	23.865	31.532	7.667	17.019	24.686
1.3.3 Other Financial Assets		192.079	759.455	951.534	-	-	-
1.4 Derivative Financial Assets	(5)	14.151	-	14.151	88.485	-	88.485
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		14.151	-	14.151	88.485	-	88.485
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		49.455.730	42.620.222	92.075.952	24.807.293	40.232.465	65.039.758
2.1 Loans	(6)	45.080.822	29.515.189	74.596.011	25.484.848	33.819.930	59.304.778
2.2 Lease Receivables	(7)	322.764	585.979	908.743	379.930	440.744	820.674
2.3 Financial Assets Measured at Amortised Cost	(4)	6.198.303	13.252.626	19.450.929	697.735	7.405.476	8.103.211
2.3.1 Government Securities		6.032.245	13.127.122	19.159.367	697.735	7.405.476	8.103.211
2.3.2 Other Financial Assets		166.058	125.504	291.562	-	-	-
2.4 Expected Credit Losses (-)	(6)	2.146.159	733.572	2.879.731	1.755.220	1.433.685	3.188.905
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	341.132	-	341.132	118.874	104	118.978
3.1 Asset Held for Resale		341.132	-	341.132	118.874	104	118.978
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	25.100	64.221	89.321	25.100	18.311	43.411
4.1 Associates (Net)		-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)		5.100	64.221	69.321	5.100	18.311	23.411
4.2.1 Unconsolidated Financial Investments in Subsidiaries		5.100	64.221	69.321	5.100	18.311	23.411
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		20.000	-	20.000	20.000	-	20.000
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		20.000	-	20.000	20.000	-	20.000
V. TANGIBLE ASSETS (Net)	(10)	2.705.460	27.231	2.732.691	1.484.134	24.834	1.508.968
VI. INTANGIBLE ASSETS (Net)	(11)	166.752	-	166.752	83.000	-	83.000
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		166.752	-	166.752	83.000	-	83.000
VII. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	2.483	-	2.483
IX. DEFERRED TAX ASSET	(13)	453.731	-	453.731	489.049	-	489.049
X. OTHER ASSETS	(14)	609.957	112.343	722.300	568.849	139.772	708.621
TOTAL ASSETS		66.319.769	80.020.337	146.340.106	32.810.543	76.144.580	108.955.123

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)****AS OF DECEMBER 31, 2022**

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

LIABILITIES	Notes (Section Five-II)	CURRENT PERIOD December 31, 2022			PRIOR PERIOD December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	51.544.182	61.131.615	112.675.797	20.200.193	71.036.456	91.236.649
II. FUNDS BORROWED	(2)	940.461	3.471.519	4.411.980	4.168.387	2.090.828	6.259.215
III. BORROWINGS FROM MONEY MARKETS		-	7.817.681	7.817.681	1.327	-	1.327
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(3)	12.819	1.660	14.479	180.485	6.769	187.254
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		12.819	1.660	14.479	180.485	6.769	187.254
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(4)	450.407	26.399	476.806	327.840	21.774	349.614
VIII. PROVISIONS	(5)	2.558.145	17.375	2.575.520	308.018	4.060	312.078
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		685.577	-	685.577	148.046	-	148.046
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		1.872.568	17.375	1.889.943	159.972	4.060	164.032
IX. CURRENT TAX LIABILITY	(6)	704.214	32.539	736.753	97.393	19.825	117.218
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(7)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS	(8)	-	4.694.238	4.694.238	-	3.119.354	3.119.354
12.1 Loans		-	4.694.238	4.694.238	-	3.119.354	3.119.354
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(9)	3.076.607	1.741.272	4.817.879	2.093.568	651.993	2.745.561
XIV. SHAREHOLDERS' EQUITY	(10)	8.090.431	28.542	8.118.973	4.620.093	6.760	4.626.853
14.1 Paid-In Capital		2.500.000	-	2.500.000	1.350.000	-	1.350.000
14.2 Capital Reserves		1.608.402	-	1.608.402	1.208.524	-	1.208.524
14.2.1 Share Premium		23.278	-	23.278	14.855	-	14.855
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		1.585.124	-	1.585.124	1.193.669	-	1.193.669
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		841.487	-	841.487	388.024	-	388.024
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		681.085	28.542	709.627	309.350	6.760	316.110
14.5 Profit Reserves		1.832.302	-	1.832.302	1.743.696	-	1.743.696
14.5.1 Legal Reserves		148.376	-	148.376	143.156	-	143.156
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.683.926	-	1.683.926	1.600.540	-	1.600.540
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		627.155	-	627.155	(379.501)	-	(379.501)
14.6.1 Prior Years Profit/(Loss)		(738.341)	-	(738.341)	(483.904)	-	(483.904)
14.6.2 Current Year Profit/(Loss)		1.365.496	-	1.365.496	104.403	-	104.403
TOTAL LIABILITIES		67.377.266	78.962.840	146.340.106	31.997.304	76.957.819	108.955.123

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF DECEMBER 31, 2022

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

STATEMENT OF OFF-BALANCE SHEET		Notes (Section Five-III)	CURRENT PERIOD December 31, 2022			PRIOR PERIOD December 31, 2021		
			TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET COMMITMENTS (I+II+III)		16.770.259	13.216.005	29.986.264	11.428.440	16.308.916	27.737.356
I.	GUARANTEES AND SURETIES	(1)	11.430.631	9.692.379	21.123.010	7.080.257	10.323.043	17.403.300
1.1.	Letters of Guarantees		11.302.364	6.147.271	17.449.635	7.048.318	5.322.918	12.371.236
1.1.1.	Guarantees Subject to State Tender Law		1.704.625	223.781	1.928.406	1.098.043	134.460	1.232.503
1.1.2.	Guarantees Given for Foreign Trade Operations		165	2.104.485	2.104.650	15	1.905.653	1.905.668
1.1.3.	Other Letters of Guarantee		9.597.574	3.819.005	13.416.579	5.950.260	3.282.805	9.233.065
1.2.	Bank Loans		-	70.414	70.414	-	99.278	99.278
1.2.1.	Import Letter of Acceptances		-	70.414	70.414	-	99.278	99.278
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letter of Credits		11.385	3.456.459	3.467.844	12.324	4.886.075	4.898.399
1.3.1.	Documentary Letter of Credits		-	-	-	-	-	-
1.3.2.	Other Letter of Credits		11.385	3.456.459	3.467.844	12.324	4.886.075	4.898.399
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Türkiye		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		-	18.235	18.235	-	14.772	14.772
1.7.	Other Collaterals		116.882	-	116.882	19.615	-	19.615
II.	COMMITMENTS	(1)	3.744.209	561.809	4.306.018	2.929.406	606.006	3.535.412
2.1.	Irrevocable Commitments		3.690.709	561.809	4.252.518	2.889.906	606.006	3.495.912
2.1.1.	Asset Purchase and Sale Commitments		19.940	561.809	581.749	321.618	606.006	927.624
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3.	Loan Granting Commitments		618.854	-	618.854	655.296	-	655.296
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitment for Cheques		1.109.464	-	1.109.464	834.732	-	834.732
2.1.7.	Tax And Fund Liabilities from Export Commitments		30.942	-	30.942	17.234	-	17.234
2.1.8.	Commitments for Credit Card Expenditure Limits		1.910.259	-	1.910.259	1.059.919	-	1.059.919
2.1.9.	Commitments for Promotions Related with Credit Cards and Banking Activities		687	-	687	555	-	555
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		563	-	563	552	-	552
2.2.	Revocable Commitments		53.500	-	53.500	39.500	-	39.500

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF DECEMBER 31, 2022

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

STATEMENT OF OFF-BALANCE SHEET		Notes (Section Five-III)	CURRENT PERIOD December 31, 2022			PRIOR PERIOD December 31, 2021		
			TL	FC	Total	TL	FC	Total
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		53.500	-	53.500	39.500	-	39.500
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.595.419	2.961.817	4.557.236	1.418.777	5.379.867	6.798.644
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		1.595.419	2.961.817	4.557.236	1.418.777	5.379.867	6.798.644
3.2.1	Forward Foreign Currency Buy/Sell Transactions		525.019	705.963	1.230.982	461.810	489.238	951.048
3.2.1.1	Forward Foreign Currency Transactions-Buy		307.298	310.779	618.077	239.837	242.194	482.031
3.2.1.2	Forward Foreign Currency Transactions-Sell		217.721	395.184	612.905	221.973	247.044	469.017
3.2.2.	Other Forward Buy/Sell Transactions		1.070.400	2.255.854	3.326.254	956.967	4.890.629	5.847.596
3.3.	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		195.850.209	76.219.165	272.069.374	104.483.970	48.433.026	152.916.996
IV.	ITEMS HELD IN CUSTODY		8.003.258	25.965.959	33.969.217	5.856.026	12.698.331	18.554.357
4.1.	Assets Under Management		1.337.798	-	1.337.798	2.448.761	-	2.448.761
4.2.	Investment Securities Held in Custody		19.853	274.662	294.515	17.473	548.751	566.224
4.3.	Cheques Received for Collection		4.909.013	357.854	5.266.867	2.325.217	700.121	3.025.338
4.4.	Commercial Notes Received for Collection		1.491.411	268.677	1.760.088	811.654	164.241	975.895
4.5.	Other Assets Received for Collection		103	-	103	103	-	103
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		211.126	9.509.633	9.720.759	219.693	1.043.531	1.263.224
4.8.	Custodians		33.954	15.555.133	15.589.087	33.125	10.241.687	10.274.812
V.	PLEDGED ITEMS		187.846.951	50.253.206	238.100.157	98.627.944	35.734.695	134.362.639
5.1.	Marketable Securities		19.153.683	10.676.095	29.829.778	10.587.982	8.001.966	18.589.948
5.2.	Guarantee Notes		4.325.462	184.003	4.509.465	2.043.190	506.747	2.549.937
5.3.	Commodity		26.851.614	4.243.573	31.095.187	11.752.302	3.695.799	15.448.101
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		122.373.633	31.168.237	153.541.870	67.505.021	18.800.660	86.305.681
5.6.	Other Pledged Items		14.892.518	3.971.600	18.864.118	6.458.745	4.715.730	11.174.475
5.7.	Pledged Items-Depository		250.041	9.698	259.739	280.704	13.793	294.497
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			212.620.468	89.435.170	302.055.638	115.912.410	64.741.942	180.654.352

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF DECEMBER 31, 2022

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

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	CURRENT PERIOD January 1-December 31, 2022	PRIOR PERIOD January 1-December 31, 2021
I.	PROFIT SHARE INCOME	(1)	11.052.438	5.023.098
1.1	Profit Share on Loans		8.302.171	4.175.857
1.2	Income Received from Reserve Deposits		47.503	134.657
1.3	Income Received from Banks		172	373
1.4	Income Received from Money Market Placements		6.327	-
1.5	Income Received from Marketable Securities Portfolio		2.605.240	672.506
1.5.1	Financial Assets at Fair Value Through Profit and Loss		1.152.838	235.667
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		265.473	134.329
1.5.3	Financial Assets Measured at Amortised Cost		1.186.929	302.510
1.6	Finance Lease Income		87.878	38.313
1.7	Other Profit Share Income		3.147	1.392
II.	PROFIT SHARE EXPENSE	(2)	5.670.146	3.329.736
2.1	Expense on Profit Sharing Accounts		4.517.288	1.894.877
2.2	Profit Share Expense on Funds Borrowed		982.800	1.260.844
2.3	Profit Share Expense on Money Market Borrowings		32.061	80.024
2.4	Profit Share Expense on Securities Issued		-	-
2.5	Finance Lease Expense		66.377	51.346
2.6	Other Profit Share Expense		71.620	42.645
III.	NET PROFIT SHARE INCOME (I - II)		5.382.292	1.693.362
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		644.548	405.756
4.1	Fees and Commissions Received		1.034.668	582.163
4.1.1	Non-Cash Loans		250.955	165.689
4.1.2	Other	(3)	783.713	416.474
4.2	Fees and Commissions Paid (-)		390.120	176.407
4.2.1	Non-Cash Loans		657	490
4.2.2	Other	(3)	389.463	175.917
V.	DIVIDEND INCOME	(4)	1.056	768
VI.	TRADING INCOME/LOSS(net)	(5)	2.881.082	136.227
6.1	Capital Market Transaction Income/(Loss)		1.872.425	(72.934)
6.2	Profit/(Loss) from Derivative Financial Instruments		92.726	(229.474)
6.3	Foreign Exchange Income/(Loss)		915.931	438.635
VII.	OTHER OPERATING INCOME	(6)	1.657.558	1.142.931
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		10.566.536	3.379.044
IX.	EXPECTED CREDIT LOSS (-)	(7)	3.950.152	1.711.343
X.	OTHER PROVISION EXPENSES (-)	(7)	2.066.767	123.926
XI.	PERSONNEL EXPENSES (-)		1.166.388	807.921
XII.	OTHER OPERATING EXPENSES (-)	(8)	1.067.988	654.412
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		2.315.241	81.442
XIV.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XV.	PROFIT/(LOSS) ON EQUITY METHOD		-	-
XVI.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(9)	2.315.241	81.442
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	949.745	(22.961)
18.1	Provision for Current Taxes		605.203	18.614
18.2	Deferred Tax Expense Effect (+)		1.476.179	646.524
18.3	Deferred Tax Income Effect (-)		1.131.637	688.099
XIX.	NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(11)	1.365.496	104.403
XX.	INCOME FROM DISCONTINUED OPERATIONS	(11)	-	-
20.1	Income from Assets Held For Sale		-	-
20.2	Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Loss from Assets Held for Sale		-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
21.3	Loss from Other Discontinued Operations		-	-
XXII.	PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Provision for Current Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	(12)	1.365.496	104.403
	Earnings Per Share		0,67457	0,07734

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS OF DECEMBER 31, 2022

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		CURRENT PERIOD January 1- December 31, 2022	PRIOR PERIOD January 1- December 31, 2021
I.	CURRENT PERIOD PROFIT/LOSS	1.365.496	104.403
II.	OTHER COMPREHENSIVE INCOME	846.980	353.948
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	453.463	133.979
2.1.1	Revaluation Surplus on Tangible Assets	715.529	185.972
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(186.911)	(12.834)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	(16.222)	(7.644)
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(58.933)	(31.515)
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	393.517	219.969
2.2.1	Translation Differences	220.797	205.376
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	230.948	18.045
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	(58.228)	(3.452)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	2.212.476	458.351

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



ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2022

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

						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							
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Notes (Section Five-V)	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
CURRENT PERIOD (January 1 - December 31, 2022)																
I.	Closing balance	(V)	1.350.000	14.855	-	1.193.669	444.616	(56.592)	-	297.709	18.401	-	1.743.696	(483.904)	104.403	4.626.853
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balances at Beginning of Period (I+II)		1.350.000	14.855	-	1.193.669	444.616	(56.592)	-	297.709	18.401	-	1.743.696	(483.904)	104.403	4.626.853
IV.	Total Comprehensive Income		-	-	-	-	590.110	(136.647)	-	220.797	172.720	-	-	-	1.365.496	2.212.476
V.	Capital Increase in Cash		1.150.000	8.423	-	-	-	-	-	-	-	-	-	-	-	1.158.423
VI.	Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Others Changes		-	-	-	391.455	-	-	-	-	-	-	9.614	(279.848) ^(**)	-	121.221
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	78.992	25.411	(104.403)	-
11.1.	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2.	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	78.992	(78.992)	-	-
11.3.	Others		-	-	-	-	-	-	-	-	-	-	-	104.403	(104.403)	-
Balances at end of the period (III+IV...+X+XI)			2.500.000	23.278	-	1.585.124	1.034.726	(193.239)	-	518.506	191.121	-	1.832.302	(738.341)	1.365.496	8.118.973

^(*) The Bank has recognized undated additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves as per "TAS 32: "Financial Instruments: Presentation" standart.

^(**) The Bank has paid TL 323.616 in February and August 2022, the coupon payment amount of undated additional tier 1 capital Sukuk and has recognized it under "prior periods' profit/loss". TL 91.167 the deferred tax expense related to the payment has been recognized under "prior periods' profit/loss" as well.

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 financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2022

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

						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							
		Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves							Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY							1	2	3	4	5	6				
PRIOR PERIOD (January 1 - December 31, 2021)																
I.	Closing balance	(V)	1.350.000	14.855	-	945.711	300.370	(46.325)	-	92.333	3.808	-	1.492.590	(363.852)	254.737	4.044.227
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balances at Beginning of Period (I+II)		1.350.000	14.855	-	945.711	300.370	(46.325)	-	92.333	3.808	-	1.492.590	(363.852)	254.737	4.044.227
IV.	Total Comprehensive Income		-	-	-	-	144.246	(10.267)	-	205.376	14.593	-	-	-	104.403	458.351
V.	Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Others Changes		-	-	-	247.958	-	-	-	-	-	-	8.030	(131.713) ^(**)	-	124.275
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	243.076	11.661	(254.737)	-
11.1.	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2.	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	243.076	(243.076)	-	-
11.3.	Others		-	-	-	-	-	-	-	-	-	-	-	254.737	(254.737)	-
Balances at end of the period (III+IV....+X+XI)			1.350.000	14.855	-	1.193.669	444.616	(56.592)	-	297.709	18.401	-	1.743.696	(483.904)	104.403	4.626.853

^(*) The Bank has recognized undated additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves as per "TAS 32: "Financial Instruments: Presentation" standart.

^(**) The Bank has paid TL 158.013 in February and August 2021, the coupon payment amount of undated additional tier 1 capital Sukuk and has recognized it under "prior periods' profit/loss". TL 50.458 the deferred tax expense related to the payment has been recognized under "prior periods' profit/loss" as well.

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 financial statements.



ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2022

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

STATEMENT OF CASH FLOWS		Notes (Section Five-VI)	CURRENT PERIOD January 1-December 31, 2022	PRIOR PERIOD January 1-December 31, 2021
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes In Operating Assets And Liabilities		1.901.445	1.575.217
1.1.1	Profit Share Income Received		9.095.948	4.994.375
1.1.2	Profit Share Expense Paid		(4.789.111)	(3.259.786)
1.1.3	Dividend Received		1.056	-
1.1.4	Fees and Commissions Received		772.937	405.471
1.1.5	Other Income		1.248.543	709.689
1.1.6	Collections from Previously Written Off Loans	(V-I-6,h2)	1.374.234	463.030
1.1.7	Payments to Personnel and Service Suppliers		(1.590.269)	(1.002.624)
1.1.8	Taxes Paid		(128.532)	(82.365)
1.1.9	Others	(V-VI-3)	(4.083.361)	(652.573)
1.2	Changes In Operating Assets And Liabilities		1.272.603	8.221.424
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(3.660.519)	(3.179.153)
1.2.2	Net (Increase) Decrease in Due From Banks and Other Financial Institutions		73.061	(6.646.458)
1.2.3	Net (Increase) Decrease in Loans		(8.534.370)	(7.775.633)
1.2.4	Net (Increase) Decrease in Other Assets		(1.394.477)	(226.291)
1.2.5	Net Increase (Decrease) in Bank Deposits		(705.028)	773.699
1.2.6	Net Increase (Decrease) in Other Deposits		15.455.673	23.928.850
1.2.7	Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed		-	-
1.2.9	Net Increase (Decrease) in Matured Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(V-VI-3)	38.263	1.346.410
I.	Net Cash Flow From Banking Operations		3.174.048	9.796.641
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities		(8.340.483)	(1.540.346)
2.1	Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(45.910)	-
2.2	Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3	Purchases of Property and Equipment		(200.313)	(161.009)
2.4	Disposals of Property and Equipment		298.040	318.262
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.714.082)	(1.549.849)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		690.116	2.103.730
2.7	Purchase of Financial Assets Measured at Amortised Cost	(V-I-4)	(9.810.181)	(3.762.132)
2.8	Sale of Financial Assets Measured at Amortised Cost	(V-I-4)	2.441.847	1.510.652
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Flow From Financing Activities		3.669.879	(5.545.577)
3.1	Cash Obtained from Funds Borrowed and Securities Issued		43.264.181	40.129.022
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(40.310.536)	(45.431.167)
3.3	Issued Capital Instruments		1.158.423	-
3.4	Dividends Paid		-	-
3.5	Leases Paid		(118.573)	(85.419)
3.6	Other		(323.616)	(158.013)
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	1.109.908	3.140.562
V.	Net (Decrease) Increase in Cash and Cash Equivalents		(386.648)	5.851.280
VI.	Cash and Cash Equivalents at the Beginning of the Period	(V-VI-a)	13.906.557	8.055.277
VII.	Cash and Cash Equivalents at the End of the Period	(V-VI-b)	13.519.909	13.906.557

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT APPROPRIATION
AS OF DECEMBER 31, 2022

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

STATEMENT OF PROFIT APPROPRIATION		CURRENT PERIOD December 31, 2022	PRIOR PERIOD December 31, 2021
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1. CURRENT YEAR INCOME		2.315.241	81.442
1.2. TAXES AND DUTIES PAYABLE (-)		949.745	(22.961)
1.2.1. Corporate tax (Income tax)		605.203	18.614
1.2.2. Income withholding tax		-	-
1.2.3. Other taxes and legal liabilities ^(*)		344.542	(41.575)
A. NET INCOME FOR THE YEAR (1.1-1.2)		1.365.496	104.403
1.3. PRIOR YEAR LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVES (-)		-	5.220
1.5. OTHER STATUTORY RESERVES (-)		-	25.411
B. DISTRIBUTABLE NET PERIOD INCOME [(A)-(1.3+1.4+1.5)] ^(**)		1.365.496	73.772
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To owners of ordinary shares		-	-
1.6.2. To owners of preferred shares		-	-
1.6.3. To owners of preferred shares (Preemptive rights)		-	-
1.6.4. To Profit sharing bonds		-	-
1.6.5. To owners of the profit/loss sharing certificates		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	-
1.8. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1. To owners of ordinary shares		-	-
1.9.2. To owners of preferred shares		-	-
1.9.3. To owners of preferred shares (Preemptive rights)		-	-
1.9.4. To profit sharing bonds		-	-
1.9.5. To owners of the profit/loss sharing Certificates		-	-
1.10. SECOND LEGAL RESERVE (-)		-	-
1.11. STATUS RESERVES (-)		-	-
1.12. EXTRAORDINARY RESERVES		-	73.772
1.13. OTHER RESERVES		-	-
1.14. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. SHARE TO SHAREHOLDERS (-)		-	-
2.3.1. To owners of ordinary shares		-	-
2.3.2. To owners of preferred shares		-	-
2.3.3. To owners of preferred shares (Preemptive rights)		-	-
2.3.4. To profit sharing bonds		-	-
2.3.5. To owners of the profit/loss sharing certificates		-	-
2.4. SHARE TO PERSONNEL (-)		-	-
2.5. SHARE TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE			
3.1. TO OWNERS OF ORDINARY SHARES ^(***) (Full TL)		0,546	0,077
3.2. TO OWNERS OF ORDINARY SHARES (%)		54,61	7,73
3.3. TO OWNERS OF PREFERRED SHARES		-	-
3.4. TO OWNERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1. TO OWNERS OF ORDINARY SHARES (Full TL)		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO OWNERS OF PREFERRED SHARES		-	-
4.4. TO OWNERS OF PREFERRED SHARES (%)		-	-

^(*) Deferred tax income is presented in "other taxes and legal liabilities" line. Deferred tax income is not subject to profit appropriation; thus it is classified under extraordinary reserves.

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

(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 Banking Regulation and Supervision Authority ("BRSA") Accounting and Reporting Regulation which includes the regulation on "Regulation on Accounting Applications for Banks and Safeguarding of 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 Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated June 28, 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of the financial statements, no new announcement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies in the financial statements dated December 31, 2022.

b. 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.

c. Accounting policies and valuation principles applied in the preparation of financial statements:

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

The preparation of the unconsolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Bank's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary, they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes. Accounting policies and evaluation principles in preparing Financial statements are determined and applied as per the principles stated in "BRSA Accounting and Financial Reporting Legislation" and consistent with the accounting policies applied for December 31, 2021 financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

The tension between Russia and Ukraine since the beginning of 2022 has turned into a crisis and continues as of the date of the report. The Parent Bank does not operate in either country, and the crisis is not expected to have a direct impact on the Bank's operations. The developments are followed and their estimated effects are evaluated within the scope of the relevant accounting standards and reflected in the financial statements.

d. 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 December 31, 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.

e. Comparative information and classifications:

The changes in accounting policies are applied retrospectively and previous period financial statements are restated. The Financial statemements of the Bank are prepared comparative to the previous term in order to determine its financial position and performans trends. If appropriate, the comparative information are restated in order to provide comparativeness to the statements of current period financial statements.

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

The Bank creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit-sharing accounts. Other than current and profit-sharing accounts, the Bank's most important funding sources are its equity and borrowings from foreign financial institutions. The Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

The Bank's transactions in foreign currencies are accounted in accordance with the TAS 21 "Accounting Standard on the Effect of Changes in Foreign Currency Rates" and converted with the exchange rate ruling at the transaction date into Turkish Lira. Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange rates ruling at the balance sheet date announced by the Bank. 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.

If the loans recognized in the foreign currency accounts are switched to non-performing, they are continued to be recognized in the foreign currency accounts and evaluated with the current exchange rates.

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

The balance sheet items of the foreign branches of the Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold and silver) accounted under assets and liabilities which do not have fixed maturity are translated into Turkish lira by using the buying rate at the balance sheet date announced by the Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Bank.

III. Explanations on forward, option contracts and derivative instruments:

The derivative financial instruments of the Bank, generally, consist of forward foreign currency, forward security and swap agreements. Derivative transactions portfolio may change as per market conditions in related terms. The Bank records the spot foreign currency transactions in asset purchase and sale commitments.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values. Derivative transactions are initially recorded at their fair values. In the periods following the recognizing of derivative transactions, depending on whether the fair value is positive or negative, the portion which is reflected to Income Statement for derivative assets and derivative liabilities are represented in Balance Sheet. Differences in fair values as a result of the valuation are recognized in trading income/loss line in the Income Statement as profit (loss) from derivative financial instruments and foreign exchange income (loss)

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.

Profit-loss Investment projects are recognized under the “Loans” account in the balance sheet. Profit and loss investment projects are subject to valuation periodically every year and positive differences related to valuation are represented under “Profit Share on Loans”.

The Bank has begun to calculate accrual for non-performing loans as of January 1, 2018. Net book value of non-performing receivables (Gross Book Value - Expected Loss Provision) is accounted at the gross book value of accruals with effective profit share rate.

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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. The commissions and fees other than those whose amortised costs are integral part of their effective profit rate, are accounted for in accordance with the TFRS 15 Revenue from Contracts With Customers Standard.

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

In the correspondence of BRSA dated June 8, 2012 and numbered B.02.1.BDK.0.13.00.0-91.11-12061, it has been stated that there is no objection to recording the commissions received from long term non-cash loans collected in quarterly periods or periods less than a quarter directly as income. Consequently, the Bank records the related cash and non-cash loans commissions directly as income.

VI. Explanations on financial assets:

Financial assets are recognized or derecognized according to TFRS 9 section three: "Recognition and Derecognition". Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value through Profit or Loss", transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments. On which category financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

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Assessment of business model:

As per TFRS 9, the Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Bank's business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not a classification approach on the basis of a financial instrument but an evaluation by combining financial assets.

The Bank's business models are divided into three categories. These categories are defined below:

a) The Business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the cash flow test that includes profit share payments arising only from principal and principal amount at specific dates.

b) The Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value changes of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the cash flows test that includes profit share payments arising only from principal and principal amount at specific dates.

c) Other Business Models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Contractual cash flows that contains solely payments of principal and profit share:

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling 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. The Bank recognizes profit and loss investments under “loans” as per BRSA uniform chart of accounts and measures them at fair value considering TFRS 9 provisions. The fair value measurements of profit and loss investments are based on the valuation reports prepared by the valuation experts.

In evaluting profit share investment projects various assumptions and estimations have been used. Work projects, discount rates and fair value parameters may fluctuate and sensitive to economical conjuncture, sectoral position and other market conditions.

Sukuk (lease certificates) which are represented under Financial Assets Measured at Fair Value through Profit/Loss are evaluated with the weighted average clearing prices in Istanbul Stock Exchange and which are not quoted in Istanbul Stock Exchange evaluated with their prices determined in Central Bank of Türkiye

As per the correspondence by BRSA numbered E-43890421-101.02.02-7182, the accounting of outright repurchase and sales of investment funds under Financial Assets Measured at Fair Value through Profit/Loss are approved Bank’s Advisory Committee in accordance with its decisions on condition that there is no agreement and/or condition with the customer regarding repurchase/resale and there is not even a custom that there is an obligation to repurchase/resale. Profits or losses arising from buying and selling are accounted in Capital Market Transaction Income/(Loss) under Trading income/loss.

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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. 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.

Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

“Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the value corresponding to the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated Other Comprehensive Income or Expense to be Reclassified through Profit or Loss” under shareholders' equity. 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. The valuation differences of the mentioned securities are accounted under the “Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss” in shareholders' equity.

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 income statement.

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”.

The Bank's all loans including profit and loss investments are recorded under the “Measured at Amortized Cost” account. As per BRSA uniform chart of accounts, the bank recognizes profit and loss investments under “loans” and considering TFRS 9 provisions, measures them at fair value.

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.

The Bank periodically evaluates the provisions allocated for loans and other receivables as per TFRS 9 retrospectively and as a result of those evaluations, if appropriate, updates the classification rules and parameters on allocation of provisions.

VII. Explanations on expected credit losses:

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income. As of January 1, 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of January 1, 2018, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

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The provisions written back are credited to “provision expenses”, and if such write backs are arising from previous year they are accounted under “other operating income”. The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and finance lease receivables) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

As stated in the note of significant estimates and assumptions in preparing financial statements, The Bank has reflected the estimations and judgments used in the calculation of credit losses as of December 31, 2022, using the best estimation method with the maximum effort principle.

- In provisioning parameters, base scenario rate has been updated as 80% negative condition scenario rate has been updated as 20% and positive condition scenario has been revoked.
- In order to calculate the impact of macroeconomical factors to lifetime expected credit losses, the model has been set by using approximately 10 years of data from first quarter of 2010 to third quarter of 2020. In this model NPL rates of the banks operating in the same sector has been used and supportive data from previous terms have been received. As a result of model update works, the parameters of unemployment and consumer price index have been found meaningful.

Under this context, the approach used through 2022 has been maintained and will be reviewed in the coming reporting periods by considering the changes in credit portfolio and expectations related to the future.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement;

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. Credit risk parameters used in the calculations are as follows:

Parameters used when calculating expected credit losses:

Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the Bank uses two different PDs in order to calculate expected credit losses:

- 12 Months PD: As the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: As the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD):

If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

Exposure at Default (EAD):

For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion rate corresponds to the factor, which adjust the potential increase of the exposure between the current date and the default date.

Financial Assets are divided into the following three categories depending on observable increases in their credit risks 12 Month Expected Credit Losses (Stage 1)

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition and the delay days do not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan. The expected 12-month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

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Significant Increase in Credit Risk (Stage 2)

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

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

- Loans with a delay over 30 days but not exceed 90 days
- The data obtained from the early warning system and the evaluation that the bank will make in this case
- The Bank management's conclusion that there is significant increase in credit risk. At this point, the Bank compares probability of default of the loan in its origination with current status.
- Loans for which the repayment amount is fully collateralized and the collateral falls below the net realizable value.

Default (Stage 3/Specific Provision):

If the following conditions exist in accordance with the Bank's internal procedures, the related financial asset is evaluated as default:

- Loans past 90 days from the last installment date
- Loans restructured and classified as performing receivables and restructured in the 1-year monitoring period at least once again and & or loans whose principal/profit payment is 30 days overdue.

The collective assessment of financial instruments is performed by building on homogeneous group assets arising from portfolio segmentation based on similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods associated with the expected loss calculation approach for each stage on a common basis.

Loans whose cash flows differ or have different characteristics from other loans can be evaluated individually instead of collectively. Expected credit loss can be defined as the difference between all contractual cash flows due as per the whole contract and cash flows expected to be collected that have been discounted with the original effective profit ratio. When measuring expected credit losses, the Bank shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. The Bank makes such assessment by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

The following situations are taken into account when estimating cash flows.

- The conditions of the contract during the expected life of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

Behavioral Maturity Calculation Methodology

Expected loss provision is calculated until end of the maturity for stage one loans whose remaining maturity is less than one year and calculated yearly for stage one loans whose remaining maturity is more than one year. For second group loans, it is calculated lifelong (until the end of maturity). In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, for products without real maturity information, behavioral maturity is calculated by analyzing historical data. Expected loss provision calculations are made over these maturities, depending on the type of loan.

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Write-Off Policy

Within the framework of the provisions of the " Regulation Amending the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be set aside for them" published in the Official Gazette dated July 6, 2021 and numbered 31533, the portion of the loans that are classified under "Fifth Group-Loans with a Loss Qualification" and for which a lifetime expected loan loss provision or special provision is made due to the default of the borrower, for which there are no reasonable expectations for the recovery of the loans, as of the first reporting period following their classification in this Group, are written off from the records in an appropriate time determined by the bank, taking into account the situation of the debtor within the scope of TFRS 9. Writing -off loans from the records is an accounting practice and does not result in waiving the right to the receivable.

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. The sukuk investments issued by the Bank which are repurchased has been offset in financial assets measured at fair value through other comprehensive income and subordinated loan accounts.

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 the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement.

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 and the amortising for these assets is stopped. 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. 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. The Bank has not any discontinued operations.

XI. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares, capitalized information technology services and intangible rights.

The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended.



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Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

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

XII. Explanations on tangible assets:

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

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements.

As of December 31, 2022, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firms using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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 (%)
Buildings	2
Motor vehicles	20 - 25
Furniture, fixture and office equipment	4 - 33
Safe-deposit boxes	2 - 20
Operational lease improvement costs (Leasehold improvements)	Leasing period - 5 years
Leased assets	1- 10 years

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. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as five years. After January 1, 2010, in cases where leasing period is more than five years, the useful life is determined as five years.

If there is an indication for impairment, the Bank estimates the recoverable amount of the tangible asset in accordance with TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than its carrying value, provides for an impairment loss.

Fixed assets which are carried at fair value in the financial statements are revalued by independent Capital Markets Board licensed firms in accordance with TFRS 13.

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.

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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.

In accordance with TFRS 16, right-of-use asset is represented under tangible assets in the balance sheet.

XIII. Explanations on leasing transactions:

Assets acquired under finance lease contracts are recorded both as an asset and as a liability at the beginning date of the lease. The basis for the determination of the balances recorded in the balance sheet as asset and liability is the lower of fair value of the leased asset at the inception of the lease and the present value of the lease payments. Finance charges arising from lease contracts are expensed in the related periods taking into consideration the internal rate of return over the period of the lease.

Assets acquired under finance lease contracts are depreciated over their useful lives and impairment provision is provided in case a decrease in recoverable amount has been determined. The Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Bank presents finance leased assets as a receivable equal to the net investment in the lease. Financial income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

With the "TFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Lease Payables" as a liability.

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting continues almost the same.

The Bank has the exemption for not applying this standard to short-term leaseings (leases with a rental period of 12 months or less) or to leases where the underlying asset is of low value (eg personal computers, some office equipment, etc.). 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 and depreciates the existence of the right to use as of the same date and is amortized over the lease term. If this ratio can be determined easily, lease payments are discounted using the Bank's average profit rate.

If the ratio cannot be easily determined, the Bank uses its own alternative borrowing rate. The profit share expense on the lease liability and the depreciation charge of the right to use is recorded separately. The lessee re-measures the lease obligation if certain events occur (for example, changes in lease duration, forward lease payments due to changes in a particular index or rate, etc.). In this case, the lessee records the reassignment effect of the lease obligation as a correction on the right to use.

Right to use asset:

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 and

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.

While the Bank is depreciating the right-to-use asset, it utilizes the provisions for depreciation in TAS 16 Tangible Assets Standard

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The lease liabilities:

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. If this ratio can be determined easily, lease payments are discounted using

the Bank's average profit rate. If the ratio cannot be easily determined, the Bank uses its own alternative borrowing rate.

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

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

- Increases the book value to reflect the profit share rate on the lease obligation,
- Reduces the book value to reflect the lease payments made
- Measures the book value to reflect reassessments and restructuring, or reflect the fixed lease payments, which is revised but inherently fixed.

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

XIV. Explanations on provisions and contingent liabilities:

Provisions and contingent liabilities, excluding the expected loss provisions for 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".

In accordance with the existing social legislation in Türkiye, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated for reasons other than misconduct or due to resignation. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income. As of December 31, 2022, there is an actuarial loss amounts to TL 257.652 before deferred tax calculation (December 31, 2021: TL 70.740 actuarial loss).

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

There are no foundations, pension funds or similar associations of which the employees are members.

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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 accrue.

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 Türkiye.

In the financial statements as of December 31, 2022, the corporate tax rate is applied 25%. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, starting from the tax returns that must be submitted as of July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, the corporate tax rate is 25% for the taxation period of 2021, this rate was determined as 23% for the taxation period of 2022. However, with the publication of the Law No. 7394 in the Official Gazette dated April 15, 2022, for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the corporate tax rate has been permanently increased to 25%, and this change will be valid for tax returns to be submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 will be taken into account as 25%

Dividends paid to the resident institutions are not subject to withholding tax in Türkiye. Withholding tax rate on the dividend payments other than these is 10%. 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.

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

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

In accordance with the last paragraph of the first article of the law dated February 11, 1986 and numbered 3259 "Law related to granting tax exemption to Islamic Development Bank" dividends paid to Islamic Development Bank is exempt from corporate tax. Therefore, dividend distributed to Islamic Development Bank as a shareholder of the Bank is exempt from corporate tax and income tax withholding.

In Türkiye, 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.

Considering the participation accounts' part in general loan loss provision as expense for tax calculation, Finance Ministry initiated a sector-specific review. The relevant documents and calculations have been requested from the Bank. As of report date, there is no information or written report transmitted to the Bank.

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As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated January 29, 2022 numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, and it is enacted that financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (including advance tax periods) and 2023 advance tax periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023), regardless of whether the conditions for the inflation adjustment within the scope of repeated Article 298 are met, and December 31, 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit or loss calculations arising from the inflation adjustment will be represented in the previous years' profit/loss account.

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 TAS 12 "Turkish Accounting Standard for Income Taxes". 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. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, starting from the tax returns that must be submitted as of July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, the corporate tax rate is 25% for the taxation period of 2021, this rate was determined as 23% for the taxation period of 2022 and 20% for taxation periods for and after 2023. However, with the publication of the Law No. 7394 in the Official Gazette dated 15 April 2022, for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the corporate tax rate has been permanently increased to 25%, and this change will be valid for tax returns to be submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 will be taken into account as 25%. As of December 31, 2022, deferred tax is calculated as 25%. As of December 31, 2021, for the items subject to deferred tax calculation, the enacted rates have been used which are valid as per prevailing tax legislation and consistent with these items' lifetimes as of the reporting date. There is not deferred tax calculation for free provisions.

As explained in detailed note under "XVII Additional explanations on borrowings", deferred tax is calculated for exchange difference and coupon payment for Tier 1 under equity and deferred tax expenses. In addition, if loss occurs in the income statement prepared as per Turkish Tax Legislation, The Bank recognizes deferred tax. While making this calculation, The Bank's growth projections in its budget, reinforceable estimates on income statement and expectations on inflation, currency and interest rates by Central Bank of Türkiye are considered.

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

The Bank accounts its debt instruments in accordance with TFRS 9 "Financial Instruments". In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

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There are no debt securities issued by the Bank. The Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. and its structured entities Bereket One Ltd. and Albaraka Sukuk Ltd.

The Bank has subordinated loans borrowed through sukuk issuance, which has convertible nature to the shares.

Additional tier 1 capital borrowings:

Undated sukuk transaction in foreign currency is issued and included in the additional capital account by the Bank's structured entity "Bereket One Ltd". Stated transaction evaluated as non-monetary item and accounted over historical cost in Turkish Lira under equities in the "other capital reserves" accordance with TAS 32.

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

XX. Explanations on government grants:

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

XI. 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.

Segment reporting is disclosed in Section Four, Note XI.

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:

There are no other matters.

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 December 31, 2022, the Bank's total capital has been calculated as TL 10.373.589 and capital adequacy standard ratio is 14,88%. As of December 31, 2021, Bank's total capital amounted to TL 6.268.931 and capital adequacy ratio was 14,90%. The Bank's capital adequacy standard ratio is above the minimum ratio required by the legislation.

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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	2.500.000	1.350.000
Share issue premiums	23.278	14.855
Reserves	1.093.961	1.259.792
Gains recognized in equity as per TAS	2.551.647	1.178.661
Profit	1.365.496	104.403
Current Period Profit	1.365.496	104.403
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	7.534.382	3.907.711
Deductions from Common Equity Tier 1 Capital	-	-
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	193.239	56.592
Improvement costs for operating leasing	17.978	21.295
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	155.985	78.682
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	266.747
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	-	111.451
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 4 th clause of the 56 th 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	113.611	31.725
Amount exceeding 15% of the common equity as per the 2 nd 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	480.813	566.492
Total Common Equity Tier 1 Capital	7.053.569	3.341.219

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	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	775.720	775.720
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	775.720	775.720
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	775.720	775.720
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	7.829.289	4.116.939
TIER II CAPITAL	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	1.862.000	1.983.300
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	688.023	303.215
Tier II Capital Before Deductions	2.550.023	2.286.515
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	127.336
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	-	127.336
Total Tier II Capital	2.550.023	2.159.179
Total Capital (The sum of Tier I Capital and Tier II Capital)	10.379.312	6.276.118
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th 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	5.723	7.187

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	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 Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (Total Core Capital and Supplementary Capital)	10.373.589	6.268.931
Total risk weighted amounts	69.719.750	42.079.121
Capital Adequacy Ratios	-	-
Core Capital Adequacy Ratio (%)	10,12	7,94
Tier 1 Capital Adequacy Ratio (%)	11,23	9,78
Capital Adequacy Ratio (%)	14,88	14,90
BUFFERS	-	-
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
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 (%)	5,62	3,44
Amounts below the Excess Limits as per the Deduction Principles	-	-
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	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	716.718	337.295
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	688.023	303.215
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	688.023	303.215
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	-	-

(*) Amounts in this column represents the amounts of items that are subject to transition provisions.

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In calculating credit risk as per Regulation on Measurement and Evaluation of Capital Adequacy of Banks, it is possible that Central Bank buying exchange rates of December 31, 2021 can be used in calculating the revalued amounts of monetary and non monetary items and their specific provisions. The items which are carried at cost is out of scope. As of December 31, 2022, the Bank has utilized this facility in calculating capital adequacy ratio.

b. Details on subordinated liabilities:

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
Special Consideration in the Calculation of Equity		
As of January 1, 2015, consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.862.000	TL 775.720 ^(*)
Par Value of Instrument	TL 4.655.000	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2025 Total Repayment Amount of Profit Share: USD 131.250.000 (first 5 years), USD 117.137.500 (second 5 years) Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share for 5 years: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	9,371% (first 5 years:10,50%)	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative



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Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval, it is convertible and the rate may be determined.	As per BRSA approval, it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	No	No

(*) Represented as historical cost

c. Information on reconciliation of total capital and equity:

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 their related deferred tax liabilities and other items defined by the regulator are taken into consideration as amounts deducted from Total Capital.

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II. Explanations on credit risk:

(1) Credit risk represents the Bank's risk or losses arising from corporate and individual loan customers who have cash or non-cash credit relations with the Bank not fulfilling the terms of their agreements partially or in full. Limit assignment authority primarily belongs to the Board of Directors and based on the authority given by the Board of Directors, the risk limits of the Bank are determined by Head-office Loan Committee, Loan Committee and Board of Directors. Head-office Loan Committee may exercise such authority partially through units of the Bank or branches. Proposal for loans are presented in a written format to the Loan Committee and Board of Directors.

Regarding the credit risk, debtors or group of debtors is subject to risk limitations. Credit limits are determined separately for each individual customer, company, group of companies, and risk groups. While determining credit risk several criteria such as the customers' financial strength, commercial capacities, sectors, geographical areas and capital structure are evaluated collectively.

In accordance with the decision taken by the Board of Directors of the Bank, the Bank cannot grant loans above 15% of its equity to a real person or legal entity (Exception to this decision is subject to the decision of the Board of Directors). Distributing the risk in a balanced manner to the sectors is observed, therefore in their marketing operations the branches strive for reaching various firms existing in different sectors. As a principle, each branch oversees the balanced distribution of the total risk to the sectors and progress of the firms existing in critical sectors.

The credibility of the debtors of loans are monitored periodically in accordance with related legislation. The financial documents for loans are obtained, audited and updated as necessary as stipulated in the related legislation. Credit limits of customers are renewed periodically according to the Bank's credit limit renewal procedure. The Bank obtains necessary collaterals for loans by analyzing the creditworthiness of corporate and individual loans according to its credit policy. Main collaterals obtained for credit risk are mortgage on real estate, cash blockage, pledges on vehicle and machinery.

Limits defined by the Board of Directors and Loan Committee for each bank are followed-up by Treasury Management on a daily basis for the transactions related with placements or treasury operations like foreign currency purchase and sales with domestic and foreign correspondent banks.

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. Related classifications are mentioned in the third section under the heading of Accounting Policies, in No.VII. "Explanations on expected credit loss provisions".

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

Risk Categories	Current Period Risk Amount	Average Risk Amount ^(*)
Receivables from central governments or central banks	34.833.608	28.992.751
Receivables from regional or local governments	99.127	95.333
Receivables from administrative units and non-commercial enterprises	78.266	56.015
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	8.183.034	9.067.729
Receivables from corporates	31.474.579	26.997.672
Retail receivables	12.315.377	10.195.027
Receivables secured by mortgages on property	6.906.801	8.563.459
Past due receivables	98.560	398.068
Receivables defined in high risk category by BRSA	-	-
Collateralized Securities	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	6.763.161	6.653.790
Equity share investments	205.691	128.573
TOTAL^(*)	100.958.204	91.148.417

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

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(2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements.

(3) The risks of forwards, options and similar agreements are followed regularly and the Bank utilizes risk mitigation methods if needed.

(4) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Bank. Financial position and commercial operations of those customers are analyzed continuously and the principal and profit payments based on the restructured payment plan are monitored by the related departments.

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

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

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

(6) Share of cash receivables of the Bank from its top 100 and top 200 cash loan customers in total cash loans is 49% (December 31, 2021: 52%) and 56% (December 31, 2021: 59%) respectively.

Share of non- cash receivables of the Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 39% (December 31, 2021: 48%) and 48% (December 31, 2021: 58%) respectively.

Share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 43% (December 31, 2021: 46%) and 50% (December 31, 2021: 54%) respectively.

(7) The Bank's expected credit loss (except non cash loans) amount for its credit risk (Stage 1 and 2) is TL 1.699.438 (December 31, 2021: TL 588.399).

(8) Profile on significant risks in significant regions:

Current Period	Risk Categories ^(*)												Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Domestic	34.833.608	99.127	78.266	-	3.621.222	30.252.766	12.235.244	6.859.798	98.508	-	6.185.914	32.767	94.297.220
EU Countries	-	-	-	-	380.847	162.954	13.448	9.319	2	-	-	65.471	632.041
OECD Countries ^(**)	-	-	-	-	354.791	3.457	3.128	2.280	-	-	-	-	363.656
Off-shore banking regions	-	-	-	-	1.057.205	2	4.248	-	22	-	-	-	1.061.477
USA, Canada	-	-	-	-	512.950	9.732	899	3.477	23	-	-	-	527.081
Other countries	-	-	-	-	2.256.019	1.045.668	58.410	31.927	5	-	577.247	107.453	4.076.729
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	34.833.608	99.127	78.266	-	8.183.034	31.474.579	12.315.377	6.906.801	98.560	-	6.763.161	205.691	100.958.204

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Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	Total
Domestic	19.539.686	112.481	44.810	-	2.258.797	19.054.463	7.806.913	9.359.004	586.261	-	5.203.296	40.706	64.006.417
EU Countries	-	-	-	-	771.660	63.328	3.457	7.707	-	-	-	19.178	865.330
OECD Countries (**)	-	-	-	-	1.879.084	355	1.113	530	-	-	-	-	1.881.082
Off-shore banking regions	-	-	-	-	823.226	98.810	5.094	7.702	-	-	-	-	934.832
USA, Canada	-	-	-	-	445.344	6.482	456	501	-	-	-	-	452.783
Other countries	-	-	-	-	13.053	1.441.163	40.526	61.152	5.836	-	214.870	2.755	1.779.355
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-
	19.539.686	112.481	44.810	-	6.191.164	20.664.601	7.857.559	9.436.596	592.097	-	5.418.166	62.639	69.919.799

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

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

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

1- Receivables from central governments or central banks

2- Receivables from regional or local governments

3- Receivables from administrative units and non-commercial enterprises

4- Receivables from multilateral development banks

5- Receivables from banks and brokerage houses

6- Receivables from corporates

7- Retail receivables

8- Receivables secured by mortgages on property

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Risk Profile according to sectors and counterparties:

Sectors/Counterparties		Risk Categories														
		1	2	3	4	5	6	7	8	9	10	11	12	TL	FC	Total
1	Agriculture	-	-	-	-	-	413.410	174.821	40.529	1.041	-	2.919	-	543.949	88.771	632.720
1.1	Farming and stockbreeding	-	-	-	-	-	313.142	107.406	27.621	599	-	2.594	-	384.925	66.437	451.362
1.2	Forestry	-	-	-	-	-	62.385	59.455	12.577	442	-	232	-	130.472	4.619	135.091
1.3	Fishery	-	-	-	-	-	37.883	7.960	331	-	-	93	-	28.552	17.715	46.267
2	Manufacturing	-	-	26.187	-	-	10.654.746	2.567.848	861.244	25.099	-	99.203	-	7.141.085	7.093.242	14.234.327
2.1	Mining	-	-	-	-	-	134.361	44.277	8.685	2.434	-	47.362	-	187.409	49.710	237.119
2.2	Production	-	-	27	-	-	8.560.752	2.430.335	786.024	22.162	-	50.729	-	6.685.586	5.164.443	11.850.029
2.3	Electricity, gas, water	-	-	26.160	-	-	1.959.633	93.236	66.535	503	-	1.112	-	268.090	1.879.089	2.147.179
3	Construction	-	-	-	-	-	4.957.502	1.050.617	830.212	12.204	-	51.992	-	3.266.949	3.635.578	6.902.527
4	Services	34.833.304	99.104	51.615	-	8.170.781	14.282.418	6.824.242	3.523.081	49.597	-	1.629.990	205.591	29.373.811	40.295.912	69.669.723
4.1	Wholesale and retail trade	-	-	-	-	-	5.394.869	3.070.443	902.706	34.860	-	59.725	-	7.167.673	2.294.930	9.462.603
4.2	Hotel, food and beverage services	-	-	-	-	-	156.567	69.128	30.414	667	-	1.437	-	121.540	136.673	258.213
4.3	Transportation and telecommunication	-	-	499	-	-	1.104.923	629.583	99.666	4.835	-	2.914	-	755.982	1.086.438	1.842.420
4.4	Financial institutions	34.833.304	-	-	-	7.243.262	2.192.264	7.011	116.580	46	-	1.531.645	200.591	11.968.438	34.156.265	46.124.703
4.5	Real estate and renting services	-	-	23.948	-	927.519	4.928.132	2.529.002	2.261.075	5.872	-	22.984	5.000	8.269.014	2.434.518	10.703.532
4.6	Self-employment services	-	-	22.991	-	-	224.866	281.616	71.714	2.776	-	5.035	-	540.598	68.400	608.998
4.7	Education services	-	-	1.616	-	-	10.352	28.850	2.522	144	-	409	-	43.353	540	43.893
4.8	Health and social services	-	99.104	2.561	-	-	270.445	208.609	38.404	397	-	5.841	-	507.213	118.148	625.361
5	Other	304	23	464	-	12.253	1.166.503	1.697.849	1.651.735	10.619	-	4.979.057	100	7.823.820	1.695.087	9.518.907
6	Total	34.833.608	99.127	78.266	-	8.183.034	31.474.579	12.315.377	6.906.801	98.560	-	6.763.161	205.691	48.149.614	52.808.590	100.958.204

1- Receivables from central governments or central banks

2- Receivables from regional or local governments alacaklar

3- Receivables from administrative units and non-commercial enterprises

4- Receivables from multilateral development banks

5- Receivables from banks and brokerage houses

6- Receivables from corporates

7- Retail receivables

8- Receivables secured by mortgages on property

9- Past due receivables

10- Investments as collective investment enterprises

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Distribution of risks with term structure according to remaining maturities:

Risk Categories		Time to Maturity				1 year and over
		1 month	1-3 months	3-6 months	6-12 months	
1	Receivables from central governments or central banks	-	31.638	1.227.942	471.572	19.052.582
2	Receivables from regional or local governments	-	-	-	40.363	-
3	Receivables from administrative units and non-commercial enterprises	39	39	26.061	5.282	34.210
4	Receivables from multilateral development banks	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-
6	Receivables from banks and brokerage houses	6.700	-	103.133	84.981	1.054.262
7	Receivables from corporates	1.102.534	5.046.751	2.630.707	5.628.845	12.550.510
8	Retail receivables	511.302	1.077.645	1.466.158	3.202.084	3.588.014
9	Receivables secured by mortgages on property	185.690	653.121	469.416	981.010	4.164.692
10	Past due receivables	1.830	24	-	-	131
11	Receivables defined in high risk category by BRSA	-	-	-	-	-
12	Collateralized Securities	-	-	-	-	-
13	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14	Investments similar to collective investment funds	-	-	-	-	-
15	Other receivables	-	-	-	-	-
16	Equity share investments	-	91.400	-	-	-
17	TOTAL	1.808.095	6.900.618	5.923.417	10.414.137	40.444.401

(9) While determining risk weights of receivables from banks and receivables from central banks and central governments indicated in the sixth article of “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, rating grades obtained from rating agencies commissioned by customers are being used. Resident banks and intermediary firms are evaluated as unrated and credit rating agencies’ ratings are considered for non resident counterparties. The ratings by IIRA (Islamic International Rating Agency) are considered for receivables from central governments or central banks. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

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The match-up of the ratings by rating agencies are represented in “credit quality stages” in the following table:

		Credit Quality stage	Fitch Ratings	Moody's Investor Service	S&P Ratings Services	Japan Credit Rating Agency	DBRS	IIRA
The match-up of the ratings	Long term credit ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	BB (high) to BB (low)	BB+ to BB-
		5	B+ to B-	B1 to B3	B+ to B-	B+ to B-	B (high) to B (low)	B+ to B-
		6	CCC+ and lower	Caa1 and lower	CCC+ and lower	CCC and lower	CCC (high) and lower	CCC+ and lower
	Short term credit ratings	1	F1+ to F1	P-1	A-1+ to A-1	J-1	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	J-2	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	J-3	R-3	A-3
		4	F3 lower	NP	A-3 lower	J-3 lower	R-3 lower	A-3 lower
		5	-	-	-	-	---	-
		6	-	-	-	-	---	-
	Ratings for long term securitization positions	1	AAA to AA-	Aaa to Aa3	AAA to AA-	-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	-	BB (high) to BB (low)	BB+ to BB-
		5	B+ and lower	B1 and lower	B+ and lower	-	B (high) and lower	B+ and lower
	Ratings for short term securitization positions	1	F1+ to F1	P-1	A-1+ to A-1	-	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	-	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	-	R-3	A-3
		Diğerleri	F3 lower	NP	A-3 lower	-	R-3	A-3 lower

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		Credit Quality stage	Fitch Ratings	Moody's Investor Service	S&P Ratings Services	Japan Credit Rating Agency	DBRS	IIRA
The match-up of the ratings	The match-up for collective investment undertakings	1	AAA to AA-	Aaa to Aa3	FCQR: AAAf to AA-f; PSFR: AAAm to AA-m	-	-	-
		2	A+ to A-	A1 to A3	FCQR: A+f to A-f; PSFR: A+m to A-m	-	-	-
		3	BBB+ to BBB-	Baa1 to Baa3	FCQR: BBB+f to BBB-f; PSFR: BBB+m to BBB-m	-	-	-
		4	BB+ to BB-	Ba1 to Ba3	FCQR: BB+f to BB-f; PSFR: BB+m to BB-m	-	-	-
		5	B+ to B-	B1 to B3	FCQR: B+f to B-f; PSFR: B+m to B-m	-	-	-
		6	CCC+ and lower	Caa1 and lower	FCQR: CCC+f and lower; PSFR: CCC+m and lower	-	-	-

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks” are presented below:

Risk Weights		0%	10%	20%	35%	50%	75%	100%	150%	200%	Deductions from Shareholders' Equity
1	Amount before credit risk mitigation	37.934.507	-	5.929.237	2.522.568	4.224.467	11.789.576	33.416.593	457.374	4.683.882	179.686
2	Amount after credit risk mitigation	39.708.036	-	6.041.235	2.497.811	4.238.684	11.546.089	31.531.464	457.964	4.936.921	179.686

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

As of December 31, 2022, the Bank has allocated expected lifetime loss provision for loans classified as Stage 2 based on the risk assessments made under TFRS 9. For the loans which are determined as impaired by being classified in the third stage, the expected lifetime loss provision has been allocated for such loans as well.

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As of December 31, 2022, the credit risks of the loans which has not increased at first recognition or thereafter, are classified as stage 1 and 12 months expected credit loss has been allocated for such loans.

Sectors/Counterparties		Loans		Provisions
		Impaired Value (TFRS 9)		
		Significant increase in credit risk (Stage 2)	Default (Stage 3)	Provisions for Credit Losses (TFRS 9)
1	Agriculture	12.188	33.111	31.395
1.1	Farming and stockbreeding	2.670	28.603	27.606
1.2	Forestry	9.518	4.508	3.789
1.3	Fishery	-	-	-
2	Manufacturing	2.659.687	324.518	1.341.280
2.1	Mining	2.826	11.077	8.160
2.2	Production	691.312	298.678	282.277
2.3	Electricity, gas, water	1.965.549	14.763	1.050.843
3	Construction	1.075.835	530.095	608.405
4	Services	2.807.007	494.227	561.839
4.1	Wholesale and retail trade	2.132.740	233.685	288.632
4.2	Hotel, food and beverage services	127.818	47.831	47.470
4.3	Transportation and telecommunication	123.243	47.263	42.143
4.4	Financial institutions	204	60.144	60.053
4.5	Real estate and renting services	367.112	61.620	85.143
4.6	Self-employment services	46.591	34.572	30.226
4.7	Education services	-	7.519	7.340
4.8	Health and social services	9.299	1.593	832
5	Other	149.413	86.026	73.980
6	Total	6.704.130	1.467.977	2.616.899

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(11) Information related to value adjustments and credit provisions:

Current Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Stage 3 Provisions	2.658.043	2.691.929	(4.625.891) ^(**)	578.589	1.302.670
2. Stage 1 and 2 Provisions	530.862	1.173.079	(133.352)	6.472	1.577.061

^(*) Determined according to currency differences.

^(**) Includes reversal of provisions related to write off amounts to TL 3.994.760.

Prior Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Stage 3 Provisions	1.247.950	1.599.318	(742.418) ^(**)	553.193	2.658.043
2. Stage 1 and 2 Provisions	584.657	300.573	(360.443)	6.075	530.862

^(*) Determined according to currency differences.

^(**) Includes reversal of provisions related to write off amounts to TL 249.185.

III. Explanations on risks including countercyclical capital buffer calculation:

Explanations on receivables from consolidated private sector:

Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Türkiye	58.599.294	12.624.503	71.223.797
Iraq	1.964.783	-	1.964.783
Marshall Islands	393.763	-	393.763
Libya	118.964	-	118.964
Pakistan	7.831	-	7.831
Algeria	189.984	-	189.984
Malta	75.463	-	75.463
Tunisia	126.068	-	126.068
Georgia	69.982	-	69.982
Italy	65.754	-	65.754
Singapore	31.219	-	31.219
United States of America	481.673	37.041	518.714

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IV. Explanations on currency risk:

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.

ç. Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Bank are as follows:

	USD	EUR
As of December 31, 2022 - Balance sheet evaluation rate	18,620	19,901
As of December 30, 2022	18,620	19,901
As of December 29, 2022	18,639	19,833
As of December 28, 2022	18,622	19,843
As of December 27, 2022	18,631	19,791
As of December 26, 2022	18,560	19,714

d. 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 18,575 for 1 USD (December 2021: TL 13,562), TL 19,674 for 1 EUR (December 2021: TL 15,327). The Bank is mainly exposed to EUR and USD currency risks.

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Information on currency risk of the Bank:

Current Period	EUR	USD	Other FC ^(*)	Total
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Türkiye	6.107.995	13.308.303	3.121.987	22.538.285
Banks	613.593	1.505.018	2.719.300	4.837.911
Financial assets at fair value through profit and loss ^(**)	1.172.446	1.409.648	5.851.412	8.433.506
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1.649	1.375.601	9.368	1.386.618
Loans and financial lease receivables ^(***)	7.646.931	22.172.722	-	29.819.653
Subsidiaries, associates and joint ventures	64.221	-	-	64.221
Financial Assets Measured at Amortised Cost	1.890.812	11.236.076	123.503	13.250.391
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	27.231	27.231
Intangible assets	-	-	-	-
Other assets ^(****)	23.646	82.459	13.365	119.470
Total assets	17.521.293	51.089.827	11.866.166	80.477.286
Liabilities				
Current account and funds collected from banks via participation accounts	379.712	661.096	28.271	1.069.079
Other current and profit sharing accounts	11.849.125	38.288.310	9.925.101	60.062.536
Money market borrowings	1.537.479	5.375.657	904.545	7.817.681
Funds provided from other financial institutions and subordinated loans	2.241.774	5.923.983	-	8.165.757
Marketable securities issued	-	-	-	-
Miscellaneous payables	299.479	1.243.628	198.165	1.741.272
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	601	44.481	32.891	77.973
Total liabilities	16.308.170	51.537.155	11.088.973	78.934.298
Net balance sheet position	1.213.123	(447.328)	777.193	1.542.988
Net off balance sheet position	(1.204.011)	931.364	37.065	(235.582)
Derivative financial instruments assets ^(*****)	59.703	1.430.583	153.736	1.644.022
Derivative financial instruments liabilities ^(*****)	1.263.714	499.219	116.671	1.879.604
Non-cash loans ^(*****)	2.892.867	6.729.280	70.232	9.692.379
Prior Period				
Total assets	19.643.723	46.598.912	10.428.970	76.671.605
Total liabilities	17.761.102	49.032.994	10.156.963	76.951.059
Net balance sheet position	1.882.621	(2.434.082)	272.007	(279.454)
Net off balance sheet position	(2.145.002)	2.733.834	(75.193)	513.639
Derivative financial instruments assets	-	3.219.728	30.028	3.249.756
Derivative financial instruments liabilities	2.145.002	485.894	105.221	2.736.117
Non-cash loans ^(*****)	3.317.764	6.952.583	52.696	10.323.043

^(*) TL 3.002.738 (December 31, 2021: TL 3.664.103) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Türkiye in other FC column represent precious metals, TL 1.321.927 (December 31, 2021: TL 962.090) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 8.902.072 (December 31, 2021: TL 9.344.729) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts. TL 5.851.412 (December 31, 2021: TL 4.877.174) of the balance in other FC column in financial assets at fair value through profit and loss represents gold-indexed lease certificates (sukuk)

^(**) Derivative financial instruments are included.

^(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 452.057 (December 31, 2021: TL 944.111).

^(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 4.892 (December 31, 2021: TL 3.479) is included in other assets.

^(*****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 271.449 (December 31, 2021: TL 142.473) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 290.360 (December 31, 2021: TL 463.533).

^(*****) Does not have any effect on the net off-balance sheet position.

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Other issues related to currency risk:

Since the bank has issued undated additional Tier 1 capital amount to USD 205.000.000 (historical cost: TL 775.720) and recognized under the equity as "Other Capital Reserves", related amount is not included in the above table.

V. Explanations on position risk of equity securities in banking book:

The Bank does not have any associate and subsidiary quoted at Borsa İstanbul.

The Bank's equity securities which are not quaoated at Borsa Istanbul are recognized at fair values and if the fair values are not measured reliably, they are recognized at cost.

The equity securities under banking book calculated as per credit risk standard method amount to TL 205.691 100% risk weight is applied to related whole amount (December 31, 2021: TL 62.639).

VI. 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.Risk Management Department defines the Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank's risk profile, operation environment and strategic plan with regulations.

The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties.The Bank's funding management is carried out in compliance with the ALCO decisions in the direction of the Fund Transfer Pricing ("FTP") committee. Funding and placement strategies are developed by assessing liquidity of the Bank.

In liquidity risk, management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions. Diversification of assets and liabilities is assured to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view. Liquidity risk exposed by the Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework. There exists "Liquidity Risk Management Contingency Funding Plan" in the Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators in each stress.

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Liquidity Coverage Ratio:

Current Period		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	HIGH QUALITY LIQUID ASSETS			49.600.352	41.466.881
CASH OUTFLOWS					
2	Retail and Small Business Funds Collected	63.812.140	48.007.851	6.109.621	4.800.785
3	Stable Funds Collected	5.431.871	-	271.594	-
4	Less stable Funds Collected	58.380.269	48.007.851	5.838.027	4.800.785
5	Unsecured Funding other than Retail and Small Business Customers Deposits	32.131.818	20.176.829	14.091.320	7.674.482
6	Operational Funds Collected	20.414.118	15.267.247	5.103.530	3.816.812
7	Non-Operational Funds Collected	5.997.804	1.907.392	3.490.728	924.389
8	Other Unsecured Funding	5.719.896	3.002.190	5.497.062	2.933.281
9	Secured funding			-	-
10	Other Cash Outflows	4.451.835	3.795.123	4.451.835	3.795.123
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	4.451.835	3.795.123	4.451.835	3.795.123
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	23.230.428	10.056.196	2.511.764	1.468.949
16	TOTAL CASH OUTFLOWS			27.164.540	17.739.339
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	17.618.132	9.567.159	14.018.108	8.569.508
19	Other contractual cash inflows	4.453.160	2.950.007	4.453.160	2.950.007
20	TOTAL CASH INFLOWS	22.071.292	12.517.166	18.471.268	11.519.515
				Upper limit applied amounts	
21	TOTAL HQLA			49.600.352	41.466.881
22	TOTAL NET CASH OUTFLOWS			8.693.272	6.219.824
23	Liquidity Coverage Ratio (%)			570,56	666,69

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

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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			227,32	419,56	
Date			October 15, 2022	December 31, 2022	
Highest			762,14	918,58	
Date			December 9, 2022	October 3, 2022	
Average			570,56	666,69	
			Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)	Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
			TL+FC	FC	
Prior period			TL+FC	FC	
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	HIGH QUALITY LIQUID ASSETS		33.240.760	29.994.681	
CASH OUTFLOWS					
2	Retail and Small Business Funds Collected	48.002.205	35.868.013	4.554.809	3.586.801
3	Stable Funds Collected	4.908.238	-	245.412	-
4	Less stable Funds Collected	43.093.967	35.868.013	4.309.397	3.586.801
5	Unsecured Funding other than Retail and Small Business Customers Deposits	26.730.954	18.464.414	12.063.765	6.743.836
6	Operational Funds Collected	14.671.442	11.667.569	3.667.861	2.916.892
7	Non-Operational Funds Collected	7.626.022	5.215.140	4.073.633	2.411.535
8	Other Unsecured Funding	4.433.490	1.581.705	4.322.271	1.415.409
9	Secured funding			-	-
10	Other Cash Outflows	3.839.376	3.332.027	3.839.376	3.332.027
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.839.376	3.332.027	3.839.376	3.332.027
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	15.718.241	8.909.943	1.820.327	1.306.136
16	TOTAL CASH OUTFLOWS			22.278.277	14.968.800
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	9.891.169	6.436.367	7.762.936	5.345.582
19	Other contractual cash inflows	3.892.265	2.629.280	3.892.265	2.629.280
20	TOTAL CASH INFLOWS	13.783.434	9.065.647	11.655.201	7.974.862
			Upper limit applied amounts		
21	TOTAL HQLA			33.240.760	29.994.681
22	TOTAL NET CASH OUTFLOWS			10.623.076	6.993.938
23	Liquidity Coverage Ratio (%)			312,91	428,87

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

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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 for 2021 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	247,19	334,49
Date	October 3, 2021	December 7, 2021
Highest	401,82	552,45
Date	December 8, 2021	December 28, 2021
Average	312,91	428,87

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 3,24% cash, 49,78% deposits in central banks and 46,98% 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 86,94% funds collected, 13,06% funds borrowed, borrowings from money market and subordinated loans.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

The Bank manages all the transactions with its foreign branches and subsidiaries consolidated in the framework of central bank, markets and related legislation of the country in which the institutions are located. Liquidity risk of the bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with group strategies. The liquidity positions of consolidated subsidiaries are continuously monitored by the Bank.

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Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand ^(*)	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated ^(****) (*****)	Total
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Türkiye	8.632.118	16.232.625	-	-	-	-	-	24.864.743
Banks	4.422.626	2.387.687	407.495	-	-	-	-	7.217.808
Financial Assets at Fair Value Through Profit and Loss ^(**)	1.977.930	1.221.307	191.322	988.465	9.045.560	288.217	-	13.712.801
Money Market Placements	-	1.725.715	-	-	-	-	-	1.725.715
Financial Assets at Fair Value Through Other Comprehensive Income	31.532	92.217	862.717	282.075	968.519	100	-	2.237.160
Loans ^(***)	328.360	8.704.264	15.114.077	27.618.919	18.151.680	2.542.416	165.307	72.625.023
Financial Assets Measured at Amortised Cost	-	247.524	319.188	2.587.815	12.912.502	3.383.900	-	19.450.929
Other Assets	-	-	2.059	33.049	225.048	328.118	3.917.653	4.505.927
Total Assets	15.392.566	30.611.339	16.896.858	31.510.323	41.303.309	6.542.751	4.082.960	146.340.106
Liabilities								
Current account and funds collected from banks via participation accounts	1.065.196	37	-	28.261	-	-	-	1.093.494
Other current and profit sharing accounts	51.145.408	31.121.770	20.618.168	7.757.240	939.717	-	-	111.582.303
Funds provided from other financial institutions and subordinated loans	-	2.103.119	2.134.805	166.729	4.701.565	-	-	9.106.218
Money Market Borrowings	-	7.817.681	-	-	-	-	-	7.817.681
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	895.229	248.639	108.497	65	-	3.565.449	4.817.879
Other liabilities	775.720	-	201	5.662	154.708	289.836	10.696.404	11.922.531
Total Liabilities	52.986.324	41.937.836	23.001.813	8.066.389	5.796.055	289.836	14.261.853	146.340.106
Net Liquidity Gap	(37.593.758)	(11.326.497)	(6.104.955)	23.443.934	35.507.254	6.252.915	(10.178.893)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	(4.582)	2.217	3.015	-	-	-	650
Financial Derivative Liabilities	-	1.854.901	171.071	252.971	-	-	-	2.278.943
Non-cash Loans	12.960.558	311.074	1.239.464	4.434.515	2.149.613	27.786	-	21.123.010
Prior period								
Total Assets	14.438.299	21.872.634	12.847.580	19.697.386	32.405.443	4.041.120	3.652.661	108.955.123
Total Liabilities	47.058.155	37.210.410	10.984.240	3.899.308	3.389.861	214.810	6.198.339	108.955.123
Net Liquidity Gap	(32.619.856)	(15.337.776)	1.863.340	15.798.078	29.015.582	3.826.310	(2.545.678)	-
Net Off-balance sheet Position								
Financial Derivative Assets	-	(284.967)	243.204	8.513	-	-	-	(33.250)
Financial Derivative Liabilities	-	2.701.371	549.987	131.339	-	-	-	3.382.697
Non-cash Loans	11.725.992	164.297	770.409	3.464.733	1.262.356	15.513	-	17.403.300

(*) Loans include accruals, other liabilities include undated additional Tier 1 Capital accounted under Shareholders' Equity.

(**) Derivative financial instruments are included.

(***) Leasing receivables are included under loans. Unallocated amount represents the net non-performing loans.

(****) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, right of use of movables and real estates, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included here.

(*****) The unallocated other liabilities column consists of equity, provisions and (if any) deferred tax liabilities.

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VII. Explanations on leverage ratio:

As of December 31, 2022, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 4,29% (December 31, 2021: 3,18%). Leverage ratio is required to remain minimum 3% as per “Communiqué on Measurement and Evaluation for Leverage Ratios of Banks”. The reason for the difference in leverage ratio between current and previous period is that increase in average capital amount is higher than increase in average total risk amount.

	Current Period ^(*)	Prior Period ^(*)
Balance sheet assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	146.965.201	102.434.886
2 (Assets deducted from Core capital)	(220.476)	(371.694)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	146.744.725	102.063.192
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	23.520	157.781
5 Potential credit risk amount of derivative financial assets and credit derivatives	34.310	31.543
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	57.830	189.324
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	5.491.016	600.159
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	5.491.016	600.159
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	25.587.177	20.035.331
11 (Correction amount due to multiplication with credit conversion rates)	(37.350)	(30.750)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	25.549.827	20.004.581
Capital and total risk		
13 Core Capital	7.636.053	3.881.503
14 Total risk amount (sum of lines 3, 6, 9 and 12)	177.843.398	122.857.256
Leverage ratio		
15 Leverage ratio (%)	4,29	3,18

(*) The average amounts for the last three months.

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VIII. Explanations on presentation of financial assets and liabilities at fair value:

a. Information on fair value of financial assets and liabilities:

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated profit share accruals of corresponding financial assets or liabilities.

The fair values of financial assets and liabilities are calculated based on the following principles:

The fair values of financial investments measured at amortised cost are determined based on market prices.

The fair value of loans is determined by calculating the discounted cash flows using the current market profit share rates.

Carrying value of funds collected via special current accounts and participation accounts is assumed to approximate their fair value as they are valued at year-end unit values.

The fair values of funds collected from financial institutions are determined by calculating the discounted cash flows using the current market profit share rates.

	Carrying value		Fair value	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Financial Assets				
Money market placements	1.725.715	-	1.735.873	-
Banks	7.339.852	5.296.422	7.339.852	5.296.422
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	13.698.650	8.382.516	13.698.650	8.382.516
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.237.160	752.358	2.237.160	752.358
Financial Assets Measured at Amortised Cost	19.450.929	8.103.211	19.752.403	8.066.060
Loans and financial lease receivables	72.625.023	56.936.547	70.336.809	53.502.790
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	1.093.494	1.728.503	1.093.494	1.728.503
Other current and profit sharing accounts	111.582.303	89.508.146	111.582.303	89.508.146
Funds provided from other financial institutions	9.106.218	9.378.569	8.845.805	9.556.432
Marketable securities issued	7.817.681	1.327	7.913.844	1.327
Miscellaneous payables	4.817.879	2.745.561	4.817.879	2.745.561

b. Information on fair value measurement recognized in the financial statements:

TFRS 7 “Financial Instruments: Turkish Financial Reporting Standard Related to Explanations” sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish a basis for fair value measurement. Aforesaid fair value hierarchy is determined as follows:

- a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I);
- b. Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in Level 1 (Level II);
- c. Data not based on observable data regarding assets and liabilities (Level III).



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Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles are given in the table below:

Current period ^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	13.362.684	32.509	303.457	13.698.650
Government Securities	11.386.158	-	-	11.386.158
Equity securities	37.912	-	-	37.912
Other Financial Assets	1.938.614	32.509	303.457	2.274.580
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1.254.094	951.534	-	2.205.628
Equity securities ^(**)	-	-	-	-
Government Securities	1.254.094	-	-	1.254.094
Other Financial Assets	-	951.534	-	951.534
Derivative Financial Assets	-	14.151	-	14.151
Financial Liabilities				
Derivative Financial Liabilities	-	14.479	-	14.479

^(*) In the current period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 31.532 under financial assets measured at fair value through other comprehensive income are not quoted in an active market and hence, they are accounted at cost in the financial statemenst and not represented above table.

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Prior period ^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	7.600.320	782.196	-	8.382.516
Government Securities	7.558.347	-	-	7.558.347
Equity securities	19.198	-	-	19.198
Other Financial Assets	22.775	782.196	-	804.971
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	727.672	-	-	727.672
Equity securities ^(**)	-	-	-	-
Government Securities	727.672	-	-	727.672
Other Financial Assets	-	-	-	-
Derivative Financial Assets	-	88.485	-	88.485
Financial Liabilities				
Derivative Financial Liabilities	-	187.254	-	187.254

^(*) In the current period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 24.686 under financial assets measured at fair value through other comprehensive income are not quoted in an active market and hence, they are accounted at cost in the financial statemenst and not represented above table.

IX. Explanations regarding the activities carried out on behalf and account of other persons:

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

X. Explanations on risk management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Bank, tables which have to be prepared within the scope of Internal rating-based (IRB) approach have not been presented.

a. Risk management strategy and weighted amounts:

a.1. Risk management strategy:

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

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

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

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

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

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

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

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

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

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

The bank's risk appetite means the amount of risk that can be accepted by the bank in order to reach the strategic targets, and it includes an acceptable variability around the targets as well.

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

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

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

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

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

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Market Risk

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

Within the coverage of market risk, Albaraka Türk calculates the foreign currency position risk and the security risk, as well as specific risks associated with market risk, by using the Standard approach and reports to it the authorities accordingly on a regular basis. Additionally, for test-purpose, foreign currency position risk of our Bank is measured by internal models. With backtesting applications, deviations between actual values and daily VaR values, predicted by internal models, are observed in order to control accuracy and performance of these models. Potential strength of portfolio against to unexpected risks is measured with stress tests including stress scenarios.

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

Liquidity risk

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

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

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

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

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

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

Credit risk

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

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

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

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Operational risk

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

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

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

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

Other risks

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

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

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

Counterparty credit risk is an expression of the likelihood that the counterparty in any transaction that imposes an obligation on two parties will default on the obligation before the final payment in the transaction's

cash flow sequence. The Bank manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

Country risk is an expression of the likelihood that the bank will suffer a loss because debtors in another country fail to fulfill or avoid fulfilling their obligations owing to uncertainties in the economic, social, and/or political conditions of that country. The Bank enters into business relationships with foreign financial

institutions and/or the agencies of foreign countries taking legal and regulatory restrictions, market conditions, and customer satisfaction into consideration and on the basis of feasibility studies that take the country's economic conditions into account.

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

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a.2. Risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	54.964.417	34.696.010	4.397.153
2	Standardised approach (SA)	54.964.417	34.696.010	4.397.153
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	77.419	60.985	6.194
5	Standardised approach for counterparty credit risk (SA-CCR)	77.419	60.985	6.194
6	Internal model method (IMM)	-	-	-
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	10.918.458	3.993.135	873.477
17	Standardised approach (SA)	10.918.458	3.993.135	873.477
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	3.759.456	3.328.991	300.756
20	Basic Indicator Approach	3.759.456	3.328.991	300.756
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)	69.719.750	42.079.121	5.577.580

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b. Financial statements and regulatory exposures reconciliation:

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				Not subject to capital requirements or deducted from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ^(*)	
Current Period						
Assets						
Cash and cash equivalents	33.930.643	33.930.643	-	-	-	-
Financial assets at fair value through profit and loss	13.698.650	-	-	-	12.791.941	-
Financial Assets at Fair Value through Other Comprehensive Income	2.237.160	2.237.160	-	-	-	-
Financial Assets Measured at Amortised Cost	19.450.929	257.458	-	-	-	-
Derivative Financial Assets	14.151	-	14.151	-	14.151	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	122.377	-	-	-	-	122.377
LOANS (Net)	72.625.023	38.522.731	-	-	-	(1.571.338)
Loans	73.128.034	38.144.145	-	-	-	5.723
Financial Lease Receivables	908.743	512.075	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	1.467.977	1.169.181	-	-	-	-
Expected Credit Losses (-)	2.879.731	1.302.670	-	-	-	1.577.061
Assets Held for Sale and Assets of Discontinued Operations (Net)	341.132	341.132	-	-	-	-
Ownership Investments	89.321	89.321	-	-	-	-
Tangible Assets (Net)	2.732.691	2.732.691	-	-	-	17.978
Intangible Assets (Net)	166.752	166.752	-	-	-	155.985
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	-	-	-	-	-	-
Deferred Tax Asset	453.731	453.730	-	-	-	-
Other Assets	722.300	722.305	-	-	-	-
Total assets	146.340.106	79.453.923	14.151	-	12.806.092	(1.519.752)
Liabilities						
Funds collected	112.675.797	-	-	-	-	112.675.800
Funds borrowed	4.411.980	-	-	-	-	4.411.980
Borrowings from money markets	7.817.681	-	-	-	-	7.817.681
Securities issued	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	14.479	-	-	-	-	14.479
Lease Payables	476.806	-	-	-	-	476.806
Provisions	2.575.520	40.203	-	-	-	2.575.519
Current Tax Liability	736.753	-	-	-	-	736.755
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	4.694.238	-	-	-	-	4.694.238
Other Liabilities	4.817.879	-	-	-	-	4.817.875
Shareholders' equity	8.118.973	-	-	-	-	8.118.972
Total liabilities	146.340.106	40.203	-	-	-	146.340.105

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

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	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				Not subject to capital requirements or deducted from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ^(*)	
Prior Period						
Assets						
Cash and cash equivalents	31.795.033	13.058.732	-	-	-	-
Financial assets at fair value through profit and loss	8.382.516	-	360	-	8.382.156	111.451
Financial Assets at Fair Value through Other Comprehensive Income	752.358	752.358	-	-	-	-
Financial Assets Measured at Amortised Cost	8.103.211	6.103.211	-	-	-	-
Derivative Financial Assets	88.485	-	90.479	-	88.845	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	57.537	-	-	-	-	57.537
LOANS (Net)	56.936.547	43.506.451	-	-	-	(523.675)
Loans	55.521.541	43.146.767	-	-	-	7.187
Financial Lease Receivables	820.674	438.842	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	3.783.237	2.578.885	-	-	-	-
Expected Credit Losses (-)	3.188.905	2.658.043	-	-	-	530.862
Assets Held for Sale and Assets of Discontinued Operations (Net)	118.978	118.978	-	-	-	-
Ownership Investments	43.411	43.411	-	-	-	-
Tangible Assets (Net)	1.508.968	1.430.286	-	-	-	21.295
Intangible Assets (Net)	83.000	34.630	-	-	-	78.682
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	2.483	2.483	-	-	-	-
Deferred Tax Asset	489.049	489.049	-	-	-	-
Other Assets	708.621	708.621	-	-	-	-
Total assets	108.955.123	66.248.210	90.839	-	8.471.001	(369.784)
Liabilities						
Funds collected	91.236.649	-	-	-	-	91.236.649
Funds borrowed	6.259.215	-	-	-	-	6.259.215
Borrowings from money markets	1.327	-	-	-	-	1.327
Securities issued	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	187.254	-	-	-	-	187.254
Lease Payables	349.614	-	-	-	-	349.614
Provisions	312.078	9.710	-	-	-	302.368
Current Tax Liability	117.218	-	-	-	-	117.218
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	3.119.354	-	-	-	-	3.119.354
Other Liabilities	2.745.561	-	-	-	-	2.745.561
Shareholders' equity	4.626.853	-	-	-	-	4.626.853
Total liabilities	108.955.123	9.710	-	-	-	108.945.413

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

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

	Current Period	Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	146.340.106	79.453.923	-	14.151	12.806.092
2	Carrrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	40.203	-	-	-
3	Total net amount within the scope of legal consolidation	146.340.106	79.413.720	-	14.151	12.806.092
4	Off balance sheet amounts	29.986.264	10.480.863	-	63.268	-
5	Repo and similar transactions ^(**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	11.063.621	-	-	-
10	Risk amounts	176.326.370	100.958.204	-	77.419	12.806.092

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

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

	Prior Period	Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	108.955.123	66.248.210	-	90.839	8.471.001
2	Carrrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	9.710	-	-	-
3	Total net amount within the scope of legal consolidation	108.955.123	66.238.500	-	90.839	8.471.001
4	Off balance sheet amounts	27.737.356	8.171.482	-	35.136	-
5	Repo and similar transactions ^(**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(4.490.183)	-	-	-
10	Risk amounts	136.692.479	69.919.799	-	125.975	8.471.001

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

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

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

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

c. Credit risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

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

c.1.2. Credit quality of assets:

Current Period		Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	1.467.977	74.051.777	2.894.731	72.625.023
2	Debt securities	-	33.134.622	50.031	33.084.591
3	Off-balance sheet exposures	15.360	25.413.668	46.641	25.382.387
4	Total	1.483.337	132.600.067	2.991.403	131.092.001

		Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
Prior Period		Defaulted	Non-defaulted		
1	Loans	3.783.237	56.395.588	3.242.278	56.936.547
2	Debt securities	-	8.956.430	25.163	8.931.267
3	Off-balance sheet exposures	152.901	20.785.811	27.275	20.911.437
4	Total	3.936.138	86.137.829	3.294.716	86.779.251

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

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	3.936.138	2.107.148
2 Loans and debt securities that have defaulted since the last reporting period	3.145.221	2.458.517
3 Receivables back to non-defaulted status	(91.487)	(8.341)
4 Amounts written off	(3.994.760)	(249.185)
5 Other changes	(1.511.775)	(372.001)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1.483.337	3.936.138



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c.1.4. Additional information on credit quality of assets:

The scope and definitions of past due receivables and the methods used by the bank to determine the provisions are mentioned in the Explanations on Credit risk.

The Bank may restructure not only non-performing credits but also the first and the second stage credits. Restructuring for the first and the second stage credits are made to improve the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk. Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan.

Breakdowns for receivables in terms of sectors are stated in "II. Explanations on credit risk", footnote 8 " Profile on significant risks in significant regions"

Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below. In accordance with resolution of the Board of the Bank, TL 3.994.760 has been written off.

Aging analysis for past due receivables:

As per Financial instruments segmentations, aging analysis af past due but not impaired financial assets is as follows:

	0-30 Day	31-90 Day	Total
Current Period	1.412.469	6.704.130	8.116.599
	0-30 Day	31-90 Day	Total
Prior Period	691.894	5.742.345	6.434.239

c.1.5. Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans ^(*)	Specific Provision ^(*)
Domestic	1.447.032	1.281.779
Off-shore Banking Countries	27	5
Other Countries	20.918	20.886
General Total	1.467.977	1.302.670

^(*) Represents amounts for cash loans.

Prior Period	Non-performing Loans ^(*)	Specific Provision ^(*)
Domestic	3.738.378	2.628.505
Off-shore Banking Countries	25.730	23.288
Other Countries	19.129	6.250
General Total	3.783.237	2.658.043

^(*) Represents amounts for cash loans.

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c.2. Credit risk mitigation

c.2.1 Qualitative disclosure on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at September 6, 2014 are stated below.

a) Financial Collaterals (Government Securities, Cash, Deposit or Participation Fund Pledge, Gold, Stock Pledge)

b) Guarantees

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

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

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

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

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

c.2.2 Credit risk mitigation techniques:

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	56.643.856	15.981.167	5.497.022	3.858.225	56.606	-	-
2	Debt securities	33.084.591	-	-	-	-	-	-
3	Total	89.728.447	15.981.167	5.497.022	3.858.225	56.606	-	-
4	Of which defaulted	82.792	82.515	46.539	-	-	-	-

Prior Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	41.491.404	15.445.143	12.853.182	5.192.318	3.918.228	-	-
2	Debt securities	8.931.267	-	-	-	-	-	-
3	Total	50.422.671	15.445.143	12.853.182	5.192.318	3.918.228	-	-
4	Of which defaulted	1.006.082	119.112	93.182	8.158	6.793	-	-

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c.3. Credit risk under standardised approach:

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

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

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

Current Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
Risk classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Receivables from central governments or central banks	34.833.367	480	34.833.367	240	-	0,00%
2	Receivables from regional or local governments	97.791	2.672	97.791	1.336	110.108	111,08%
3	Receivables from administrative units and non-commercial enterprises	68.234	26.711	68.234	10.032	84.466	107,92%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	7.112.481	1.274.843	7.112.481	1.070.553	3.012.723	36,82%
7	Receivables from corporates	25.954.282	10.483.489	25.954.282	5.520.296	33.878.989	107,64%
8	Retail receivables	9.315.848	8.511.042	9.315.848	2.999.529	9.488.736	77,05%
9	Receivables secured by mortgages on property	2.444.371	354.268	2.444.371	135.259	983.521	38,13%
10	Receivables secured by mortgages on commercial property	3.868.933	967.494	3.868.933	458.240	3.092.727	71,47%
11	Past due receivables	98.560	-	98.560	-	102.779	104,28%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Collateralized Securities	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Other receivables	6.477.783	589.103	6.477.783	285.378	4.004.677	59,21%
17	Equity share investments	205.691	-	205.691	-	205.691	0,00%
18	Total	90.477.341	22.210.102	90.477.341	10.480.863	54.964.417	54,44%

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Prior Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
Risk classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Receivables from central governments or central banks	19.422.851	644	19.514.846	319	-	0,00%
2	Receivables from regional or local governments	112.481	-	113.103	-	56.241	49,73%
3	Receivables from administrative units and non-commercial enterprises	19.832	54.203	19.832	24.978	35.606	79,46%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	4.976.290	1.368.977	5.184.821	1.255.906	2.077.439	32,25%
7	Receivables from corporates	16.554.063	7.974.394	16.311.189	4.117.293	19.563.573	95,60%
8	Retail receivables	5.618.454	6.173.231	5.560.804	2.239.105	5.652.742	72,47%
9	Receivables secured by mortgages on property	2.501.573	167.213	2.501.439	58.517	908.718	35,50%
10	Receivables secured by mortgages on commercial property	6.407.952	950.619	6.407.463	471.916	3.341.111	49,09%
11	Past due receivables	621.801	-	621.801	-	672.763	108,20%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Other receivables	5.450.381	17.234	5.450.380	3.448	2.325.178	42,91%
17	Equity share investments	62.639	-	62.639	-	62.639	100,00%
18	Total	61.748.317	16.706.515	61.748.317	8.171.482	34.696.010	49,67%

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c.3.3 Exposures by asset classes and risk weights:

	Current Period											Total risk amount
	Risk Classes/Risk Weighted	0%	10%	20%	35% secured by Property mortgage	50%	75%	100%	150%	250%	Others ^(*)	(post-CCF and CRM)
1	Receivables from central governments or central banks	34.833.607	-	-	-	-	-	-	-	-	-	34.833.607
2	Receivables from regional or local governments	-	-	-	-	58.764	-	-	-	-	40.363	99.127
3	Receivables from administrative units and non-commercial enterprises	20.640	-	135	-	-	-	30.543	-	-	26.948	78.266
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	1.102.344	-	4.909.025	-	281.499	-	1.890.166	-	-	-	8.183.034
7	Receivables from corporates	1.553.276	-	50.779	-	232.152	-	25.532.375	2.252	-	4.103.744	31.474.578
8	Retail receivables	185.808	-	56.743	-	137	11.546.089	38.978	393.701	-	93.921	12.315.377
9	Receivables secured by mortgages on property	13.804	-	4.785	2.497.811	2.010	-	6.305	17.619	-	37.296	2.579.630
10	Receivables secured by mortgages on commercial property	53.979	-	2.385	-	3.630.522	-	3.284	2.354	-	634.649	4.327.173
11	Past due receivables	-	-	-	-	33.600	-	22.922	42.038	-	-	98.560
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	1.944.578	-	1.017.383	-	-	-	3.801.200	-	-	-	6.763.161
17	Equity share investments	-	-	-	-	-	-	205.691	-	-	-	205.691
18	Total	39.708.036	-	6.041.235	2.497.811	4.238.684	11.546.089	31.531.464	457.964	-	4.936.921	100.958.204

(*) Represents 200% and 500% risk weight.

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c.3.3 Exposures by asset classes and risk weights:

	Prior Period											Total risk amount
	Risk Classes/Risk Weighted	0%	10%	20%	35% secured by Property mortgage	50%	75%	100%	150%	250%	Others	(post-CCF and CRM)
1	Receivables from central governments or central banks	19.514.867	-	-	-	298	-	-	-	-	-	19.515.165
2	Receivables from regional or local governments	-	-	-	-	113.103	-	-	-	-	-	113.103
3	Receivables from administrative units and non-commercial enterprises	489	-	10.894	-	-	-	33.427	-	-	-	44.810
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	1.206.229	-	3.546.949	-	430.468	-	1.257.081	-	-	-	6.440.727
7	Receivables from corporates	624.083	-	434.635	-	91.440	-	19.251.576	26.748	-	-	20.428.482
8	Retail receivables	181.125	-	230.418	-	-	7.302.726	-	85.640	-	-	7.799.909
9	Receivables secured by mortgages on property	2.954	-	4.276	2.520.147	13.536	-	19.043	-	-	-	2.559.956
10	Receivables secured by mortgages on commercial property	110.407	-	32.399	-	6.734.374	-	384	1.815	-	-	6.879.379
11	Past due receivables	95	-	15	-	198.555	-	122.446	300.690	-	-	621.801
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	2.148.830	-	1.224.775	-	-	-	2.080.223	-	-	-	5.453.828
17	Equity share investments	-	-	-	-	-	-	62.639	-	-	-	62.639
18	Total	23.789.079	-	5.484.361	2.520.147	7.581.774	7.302.726	22.826.819	414.893	-	-	69.919.799

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ç. Counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk:

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

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

ç.2. Counterparty credit risk (CCR) approach analysis:

Current Period		Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	14.151	63.268		-	77.419	70.937
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						70.937

(*) Effective Expected Positive Exposure

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Prior Period		Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	90.839	35.136		-	125.975	43.712
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						43.712

(*) Effective Expected Positive Exposure

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

		Current Period		Prior Period	
		EAD post-CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation		-	-	-	-
1	(i) VaR component (including the 3xmultiplier)		-		-
2	(ii) Stressed VaR component (including the 3xmultiplier)		-		-
3	All portfolios subject to the Standardised CVA capital obligation	77.419	6.482	125.975	17.273
4	Total subject to the CVA capital obligation	77.419	6.482	125.975	17.273

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ç.4. CCR exposures by risk class and risk weights:

Current Period												
Risk Weighted												Total credit exposure ^(*)
Risk Classes	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	
Receivables from central governments or central banks	-	-	-	-	-	-	-	9.892	-	-	-	9.892
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	6.482	-	-	-	-	-	-	743	-	-	-	7.225
Receivables from corporates	-	-	-	-	-	-	-	60.302	-	-	-	60.302
Retail receivables	-	-	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	6.482	-	-	-	-	-	-	70.937	-	-	-	77.419

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

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Prior Period												
Risk Weighted												Total credit exposure ^(*)
Risk Classes	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	
Receivables from central governments or central banks	77.073	-	-	-	-	-	-	-	-	-	-	77.073
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	6.487	-	-	-	-	-	-	-	-	6.487
Receivables from corporates	-	-	-	-	-	-	-	42.415	-	-	-	42.415
Retail receivables	-	-	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	77.073	-	6.487	-	-	-	-	42.415	-	-	-	125.975

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

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ç.5. Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	4.440	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	4.440	-	-	-	-

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

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

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

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

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d. Information to be announced to public on Securitization:

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

e. Market risk

e.1. Qualitative disclosure on market risk:

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

The Board of Directors sets limits for these risks by considering the main risks and revises these limits periodically in line with market conditions and Bank's strategies. In addition, the Board of Directors ensures

that the risk management unit and senior management take all necessary measures to identify, measure, prioritize, and reduce at an acceptable level and to manage the various risks that the Bank is exposed to.

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

e.2 Market risk under standardised approach:

		Current Period	Prior Period
		RWA	RWA
Outright products			
1	Profit rate risk (general and specific)	3.917.957	2.439.588
2	Equity risk (general and specific)	4.558.650	79.238
3	Foreign exchange risk	1.803.673	1.038.213
4	Commodity risk	638.178	436.096
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	10.918.458	3.993.135

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f. Operational risk:

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks. As of December 31, 2022, amount subject to operational risk and the calculation information are given below.

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	1.496.532	2.234.929	2.283.668	2.005.043	15	300.756
Amount subject to Operational Risk (Total*12,5)						3.759.456

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

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

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

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

Profit share-yield assets, liabilities that profit share is paid, restructuring risk, yield curve risk in banking books and changes in profit rates occurred in market conditions are monitored, assessed, measured and managed by the Bank in the calculations made within the scope of the related regulation.

Against the risk that these matters may affect the Bank's capital negatively, these risks are assessed and managed on a weekly basis within the scope of the Charters established by the Board of Directors.

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

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TL	(+) 500bp	(461.715)	(4,45)
TL	(-) 400bp	445.662	4,29
USD Dollar	(+) 200bp	(804.550)	(7,75)
USD Dollar	(-) 200bp	933.736	9,00
EUR	(+) 200bp	(256.204)	(2,47)
EUR	(-) 200bp	279.650	2,69
Total (For Negative Shocks)	-	1.659.048	15,99
Total (For Positive Shocks)	-	(1.522.469)	(14,68)

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XI. Explanations on business segments:

The Bank operates in retail, commercial and corporate banking segments via profit/loss sharing method in accordance with its mission.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(1.213.659)	7.038.183	4.961.528	179.261	10.965.313
Operating Expenses ^(*)	(2.477.123)	(4.623.614)	(475.504)	(1.073.831)	(8.650.072)
Operating Income/Expenses	(3.690.782)	2.414.569	4.486.024	(894.570)	2.315.241
Profit/(Loss) Before Tax	(3.690.782)	2.414.569	4.486.024	(894.570)	2.315.241
Tax Income (Expense)	-	-	-	(949.745)	(949.745)
Current Year Profit/(Loss)	(3.690.782)	2.414.569	4.486.024	(1.844.315)	1.365.496
Total Assets	5.532.646	71.019.804	66.187.381	3.600.275	146.340.106
Total Liabilities	81.411.164	38.322.867	17.612.150	8.993.925	146.340.106

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(207.316)	2.229.269	1.652.034	469.647	4.143.634
Operating Expenses ^(*)	(1.169.238)	(2.011.697)	(790.913)	(90.344)	(4.062.192)
Operating Income/Expenses	(1.376.554)	217.572	861.121	379.303	81.442
Profit/(Loss) Before Tax	(1.376.554)	217.572	861.121	379.303	81.442
Tax Income (Expense)	-	-	-	22.961	22.961
Current Year Profit/(Loss)	(1.376.554)	217.572	861.121	402.264	104.403
Total Assets	4.505.547	54.184.584	45.633.579	4.631.413	108.955.123
Total Liabilities	61.601.748	32.266.284	9.801.996	5.285.095	108.955.123

(*) Operating expenses have been allocated to business segments by using branch segment and number of branch employees allocation keys.

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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 Türkiye (CBRT):

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	242.111	1.688.995	158.510	1.636.898
CBRT	1.634.851	20.015.114	1.477.835	21.001.121
Other ^(*)	449.829	834.176	184.487	2.039.760
Total	2.326.791	22.538.285	1.820.832	24.677.779

^(*) Includes precious metals amounting to TL 64.374 (December 31, 2021: TL 528.804) and cash in transit amounting to TL 1.219.631 (December 31, 2021: TL 1.695.443) as of December 31, 2022.

b. Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	1.634.851	3.782.156	1.436.022	5.163.805
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	-	16.232.958	41.813	15.837.316
Total	1.634.851	20.015.114	1.477.835	21.001.121

^(*) As of December 31, 2022, the reserve requirement held in standard gold is TL 2.938.364 (December 31, 2021: TL 3.135.299)

In accordance with the “Communiqué Regarding the Reserve Requirements numbered 2005/1”, banks operating in Türkiye are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As of December 31, 2022, the Bank’s applicable rates for Turkish lira required reserves are between 3% and 8%, depending on the maturity structure for participation funds and other liabilities and the applicable rates for FX required reserves are between 5% and 26%, depending on the maturity structure of participation funds and other liabilities.

In accordance with the instruction dated 2 September 2022, the commission practice according to the share of Turkish Lira deposits/funds collected in total deposits/funds collected has been changed to be applied as of 23 December 2022. As per this amendment, banks with a share of Turkish Lira deposits/funds collected below 50% will pay 8% commission and banks with a share between 50% and 60% will pay 3% commission, separately for real and legal persons. The commissions to be paid will be calculated over the amount of reserve requirements for foreign currency deposits/funds collected liabilities.

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c.1. Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic ^(*)	2.480.687	1.550.031	1.494.422	1.039.578
Abroad	-	3.309.134	-	2.762.422
Foreign head offices and branches	-	-	-	-
Total	2.480.687	4.859.165	1.494.422	3.802.000

^(*) Includes blockaged amount TL 2.387.687 (December 31, 2021: TL 1.480.543) booked under TL accounts arising from POS transactions.

c.2. Information on foreign bank accounts:

	Current period		Prior Period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	865.639	-	1.060.553	-
USA and Canada	700.977	-	657.063	-
OECD Countries ^(*)	49.492	-	61.275	-
Off-shore banking regions	3.993	-	14.204	-
Other ^(**)	1.455.393	233.640	797.251	172.076
Total	3.075.494	233.640	2.590.346	172.076

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

^(**) Represents the balance amounts to TL 1.342.849 in Iraq Banks belonging to Bank’s foreign branches “Erbil and Baghdad” (December 31, 2021: TL 703.028)

2. Financial assets measured at fair value through profit or loss:

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

As of December 31, 2022, the nominal investment amount subject to repurchase agreements is TL 2.485.290 (December 31, 2021: TL 993).

As of December 31, 2022, the collateraled/blocked nominal investment amount is TL 120.000 (December 31, 2021: TL 6.916).

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b. Financial assets measured at fair value through profit/loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment fund participation certificates (Net)	2.227.580	-	1.165	-
Sukuk	3.037.525	8.381.142	1.489.895	6.850.650
Equity Securities	-	37.912	-	19.198
Other	39	14.452	1.814	19.794
Total	5.265.144	8.433.506	1.492.874	6.889.642

3. Information on 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 collateral or blocked:

As of December 31, 2022, the nominal investment amount subject to repurchase agreements is TL 344.775 (December 31, 2021: None).

As of December 31, 2022, the collateralized/blocked nominal investment amount is TL 100 (December 31, 2021: TL 99.011).

b. Detailed table of financial assets measured at fair value through other comprehensive income:

	Current Period	Prior Period
Debt Securities	2.205.636	733.943
Quoted on a stock exchange	2.205.636	733.943
Unquoted	-	-
Investment Funds	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Share Certificates	31.532	24.686
Quoted on a stock exchange	-	-
Unquoted	31.532	24.686
Impairment Provision (-)	8	6.271
Total	2.237.160	752.358

4. Information on financial assets measured at amortised cost:

a) Information on subject to repurchase transactions, given as collateral or blocked:

As of December 31, 2022, the nominal investment amount subject to repurchase agreements is TL 5.113.467 (December 31, 2021: none)

As of December 31, 2022, the collateralized/blocked nominal investment amount is TL 5.072.373 (December 31, 2021: TL 539.107)

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b) Information on debt securities measured at amortised cost:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	19.159.367	8.103.211
Other Debt Securities	291.562	-
Total	19.450.929	8.103.211

^(*) Consists of sukuk certificates issued by Ministry of Treasury and Finance of Türkiye.

c) Information related to financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	19.450.929	8.103.211
Quoted on a stock exchange	19.450.929	8.103.211
Unquoted	-	-
Impairment provision (-)	-	-
Total	19.450.929	8.103.211

ç) Movements of the financial investments measured at amortised cost:

	Current Period	Prior Period
Balance at beginning of period	8.103.211	3.224.800
Foreign currency differences on monetary assets	3.495.559	2.602.268
Purchases during period ^(*)	9.810.181	3.762.132
Disposals through sales and redemptions ^(*)	(2.441.847)	(1.510.652)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	483.825	24.663
Closing balance	19.450.929	8.103.211

^(*) Represented on nominal values.

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5. Information on derivative financial assets

a) Table of positive differences related to derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	12.515	-	32.030	-
Swap Transactions	1.636	-	56.455	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	14.151	-	88.485	-

The Bank has not any derivative financial assets for hedging purposes. (December 31, 2021: None).

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	45.232	5.114	102.174	5.591
Corporate shareholders	42.171	5.114	98.481	5.591
Real person shareholders	3.061	-	3.693	-
Indirect loans granted to shareholders	1.472.808	63.544	1.219.475	64.583
Loans granted to employees	45.914	37.800	20.765	39.800
Total	1.563.954	106.458	1.342.414	109.974

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

b1. Detailed table for standard loans and loans under close monitoring including restructured or rescheduled loans:

Current Period		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
	Standard Loans		Amendments to the Terms of Contracts	Refinancing
Cash Loans				
Loans				
Export loans	6.615.023	5.236	-	-
Import loans	4.537.954	37.534	-	-
Business loans	28.124.411	931.874	2.179.889	2.969.768
Consumer loans	4.966.072	104.602	2.030	-
Credit cards	1.301.390	20.886	28	-
Loans given to financial sector	2.973.629	116	-	-
Other ^(*)	17.926.598	327.212	103.782	-
Other receivables	-	-	-	-
Total	66.445.077	1.427.460	2.285.729	2.969.768

^(*) Details of other loans are provided below:

Commercial loans with installments	6.104.959
Other investment credits	2.973.558
Loans given to abroad	3.590.206
Profit and loss sharing investments ^(**)	4.939.322
Loans for purchase of marketable securities for customer	656.460
Other	93.087

Total	18.357.592
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^(**) As of December 31, 2022, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of December 31, 2022, the profit and loss partnership investments are evaluated as financial assets measured at fair value through profit or loss, and the net profit amounts to TL 810.218 for 2022 (TL 771.845 valuation profit, TL 38.373 valuation loss reversal) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 1.086.555 and valuation loss is TL 15.000 for profit and loss sharing investments.

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Prior Period	Loans Under Close Monitoring			
		Not Under the Scope of Restructuring or Rescheduling	Restructured Amendments to the Terms of Contracts	Refinancing
Cash Loans	Standard Loans			
Loans				
Export loans	3.692.880	16.226	-	-
Import loans	4.146.656	42.483	1.062	-
Business loans	21.053.122	1.684.456	1.503.531	1.722.322
Consumer loans	4.206.014	95.720	3.235	-
Credit cards	698.692	4.718	111	-
Loans given to financial sector	2.013.033	-	-	-
Other ^(*)	14.015.168	424.240	193.107	4.765
Other receivables	-	-	-	-
Total	49.825.565	2.267.843	1.701.046	1.727.087

^(*) Details of other loans are provided below:

Commercial loans with installments	3.625.314
Other investment credits	3.001.637
Loans given to abroad	3.570.730
Profit and loss sharing investments ^(**)	3.908.579
Loans for purchase of marketable securities for customer	470.413
Other	60.607
Total	14.637.280

^(**) As of December 31, 2021, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of December 31, 2021, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 37.360 for 2021 (TL 146.893 valuation profit, TL 109.533 valuation loss) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 314.710 and valuation loss is TL 53.373 for profit and loss sharing investments.

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b2.Information on expected credit losses for standard loans and loans under close monitoring:

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	262.832	-
Significant Increase in Credit Risk	-	1.314.229

Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	163.379	-
Significant Increase in Credit Risk	-	367.483

c. Maturity analysis of cash loans:

Cash Loans Current Period	Standard Loans	Loans Under Follow-Up	
		Non-restructured	Restructured
Short term loans	23.940.085	242.917	-
Medium and long-term loans ^(*)	42.504.992	1.184.543	5.255.497
Total	66.445.077	1.427.460	5.255.497

^(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

Cash Loans Prior Period	Standard Loans	Loans Under Follow-Up	
		Non-restructured	Restructured
Short term loans	9.732.110	1.123.635	-
Medium and long-term loans ^(*)	40.093.455	3.853.653	718.688
Total	49.825.565	4.977.288	718.688

^(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	166.404	4.848.210	5.014.614
Housing loans	14.181	3.595.562	3.609.743
Vehicle loans	39.282	741.079	780.361
Consumer loans	112.941	511.569	624.510
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	24.929	24.929
Housing loans	-	11.516	11.516
Vehicle loans	-	-	-
Consumer loans	-	13.413	13.413
Other	-	-	-
Retail credit cards-TL	368.458	224	368.682
With installment	139.348	204	139.552
Without installment	229.110	20	229.130
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	25.738	7.423	33.161
Housing loans	-	288	288
Vehicle loans	150	4.091	4.241
Consumer loans	25.588	3.044	28.632
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	12.753	-	12.753
With installment	6.623	-	6.623
Without installment	6.130	-	6.130
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	573.353	4.880.786	5.454.139

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Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TL	49.141	4.228.453	4.277.594
Housing loans	15.075	3.691.588	3.706.663
Vehicle loans	12.202	350.294	362.496
Consumer loans	21.864	186.571	208.435
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	13.812	13.812
Housing loans	-	1.756	1.756
Vehicle loans	-	-	-
Consumer loans	-	12.056	12.056
Other	-	-	-
Retail credit cards-TL	166.841	71	166.912
With installment	61.040	61	61.101
Without installment	105.801	10	105.811
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	11.590	1.973	13.563
Housing loans	-	781	781
Vehicle loans	38	1.068	1.106
Consumer loans	11.552	124	11.676
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	7.185	17	7.202
With installment	3.441	15	3.456
Without installment	3.744	2	3.746
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	234.757	4.244.326	4.479.083

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	1.956.691	3.042.792	4.999.483
Business loans	66.873	649.119	715.992
Vehicle loans	1.767.735	1.885.805	3.653.540
Consumer loans	122.083	507.868	629.951
Other	-	-	-
Commercial installment loans-FC indexed	-	28.284	28.284
Business loans	-	27.954	27.954
Vehicle loans	-	330	330
Consumer loans	-	-	-
Other	-	-	-
Commercial installment Loans-FC	18.579	1.058.613	1.077.192
Business loans	12.613	339.133	351.746
Vehicle loans	5.966	519.984	525.950
Consumer loans	-	199.496	199.496
Other	-	-	-
Corporate credit cards-TL	939.426	1.443	940.869
With installment	301.816	1.308	303.124
Without installment	637.610	135	637.745
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	2.914.696	4.131.132	7.045.828

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Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	268.178	2.529.595	2.797.773
Business loans	14.249	504.203	518.452
Vehicle loans	223.941	1.615.073	1.839.014
Consumer loans	29.988	410.319	440.307
Other	-	-	-
Commercial installment loans-FC indexed	-	43.617	43.617
Business loans	-	37.760	37.760
Vehicle loans	-	3.068	3.068
Consumer loans	-	2.789	2.789
Other	-	-	-
Commercial installment Loans-FC	5.513	778.411	783.924
Business loans	-	177.360	177.360
Vehicle loans	5.513	413.436	418.949
Consumer loans	-	187.615	187.615
Other	-	-	-
Corporate credit cards-TL	526.903	2.393	529.296
With installment	178.587	2.105	180.692
Without installment	348.316	288	348.604
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	800.594	3.354.016	4.154.610

e. Allocation of loans by customers:

	Current Period	Prior Period
Public	204.917	103.821
Private	72.923.117	55.417.720
Total	73.128.034	55.521.541

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f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	69.537.828	51.950.811
Foreign loans	3.590.206	3.570.730
Total	73.128.034	55.521.541

g. Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Subsidiaries and Associates	6	-	90	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total	6	-	90	-

ğ. Specific provisions for loans or provisions for default loans (stage 3):

	Current Period	Prior Period
Loans with limited collectability	187.900	346.715
Loans with doubtful collectability	432.705	325.046
Uncollectible loans	682.065	1.986.282
Total	1.302.670	2.658.043

Specific provisions in the amount of TL 1.302.670 (December 31, 2021: TL 2.658.043) comprise TL 387.747 (December 31, 2021: TL 973.778) of participation account share of loans provided from participation accounts.

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h. Information on non-performing loans (net):

h.1. Information on non-performing and restructured loans:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period			
Gross amount before specific provisions	56.473	28.473	11.840
Restructured loans	56.473	28.473	11.840
Prior Period			
Gross amount before specific provisions	-	414	132.728
Restructured loans	-	414	132.728

h. Information on non-performing loans (net):

h.2. Movements of total non-performing loans:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period			
Closing balance of prior period	523.543	365.483	2.894.211
Additions in the current period (+)	2.346.943	178.377	619.901
Transfers from other categories of non-performing loans (+)	-	905.112	521.765
Transfers to other categories of non-performing loans (-)	905.112	521.765	-
Collections in the current period (-)	841.586	94.912	437.736
Transfers to standard loans and write off(-) ^(*)	911.038	378.315	2.796.894
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	212.750	453.980	801.247
Provisions (-)	187.900	432.705	682.065
Net balance at the balance sheet	24.850	21.275	119.182

^(*) According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 91.487. Since there is no reasonable expectation regarding its recovery, TL 3.994.760 has been deleted from the accounting records in the scope of the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" together with its 100% specific provision. The impact of the write-off under TFRS 9 on the NPL ratio is 493 basis points

Non-performing loans in the amount of TL 1.467.977 comprise TL 491.591 of participation account share of loans provided from participation accounts.

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	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Prior Period			
Closing balance of prior period	193.865	240.360	1.611.051
Additions in the current period (+)	604.783	291.007	1.562.727
Transfers from other categories of non-performing loans (+)	-	237.812	343.703
Transfers to other categories of non-performing loans (-)	237.812	343.703	-
Collections in the current period (-)	32.517	56.711	373.802
Transfers to standard loans and write off(-) ^(*)	4.776	3.282	249.468
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	523.543	365.483	2.894.211
Specific provisions (-)	346.715	325.046	1.986.282
Net balance at the balance sheet	176.828	40.437	907.929

^(*) According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 8.341. Since there is no reasonable expectation regarding its recovery, TL 249.185 has been deleted from the accounting records in the scope of the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" together with its 100% specific provision. The impact of the write-off under TFRS 9 on the NPL ratio is 39 basis points

Non-performing loans in the amount of TL 3.783.237 comprise TL 1.627.858 of participation account share of loans provided from participation accounts.

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period:			
Period end balance	94.340	30.370	33.216
Provision (-)	92.271	26.168	31.300
Net balance	2.069	4.202	1.916

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Prior period:			
Period end balance	328.762	273.061	817.947
Provision (-)	187.531	264.025	696.048
Net balance	141.231	9.036	121.899

h.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	Uncollectable loans
Current period (net)	24.850	21.275	119.182
Loans to individuals and corporates (gross)	212.750	453.980	801.247
Provision (-)	187.900	432.705	682.065
Loans to individuals and corporates (net)	24.850	21.275	119.182
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	176.828	40.437	907.929
Loans to individuals and corporates (gross)	523.543	365.483	2.894.211
Provision (-)	346.715	325.046	1.986.282
Loans to individuals and corporates (net)	176.828	40.437	907.929
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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h.5. Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III Loans with limited collectibility	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period (Net)	11.218	5.060	96.567
Profit Share Accruals and Valuation Differences	24.407	6.322	140.043
Provision (-)	13.189	1.262	43.476
Prior Period (Net)	5.330	21.043	357.066
Profit Share Accruals and Valuation Differences	9.367	21.469	942.724
Provision (-)	4.037	426	585.658

i. Liquidation policy for uncollectible loans:

Loans determined as uncollectible are liquidated through starting legal follow up and by converting the guarantees into cash.

i. Information on write-off policies:

The write-off policy of the Bank for receivables under follow up is to retire the receivables from assets in case of determination of the inability of collection through follow-up by the decision of Bank management. As of December 31, 2022, loans which deemed uncollectible amounts to TL 3.994.760 have been written off as per the decision taken by the bank management (December 31, 2021: TL 249.185).

7. Information on lease receivables (net):

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	244.455	229.389	168.950	158.920
1 to 4 years	642.468	567.951	617.544	563.304
More than 4 years	122.238	111.403	106.525	98.450
Total	1.009.161	908.743	893.019	820.674

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b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	1.009.161	893.019
Unearned financial lease receivable (-)	100.418	72.345
Net receivable from financial leases	908.743	820.674

c. General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured Loans with Revised Contract Terms	Refinancing
Current Period				
Financial lease receivables (Net)	887.570	6.439	14.734	-
Prior Period				
Financial lease receivables (Net)	774.305	38.705	7.664	-

8. 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	118.978	131.050
Additions	380.642	222.019
Disposals	(89.884)	(87.111)
Transfers ^(*)	(111.996)	(104.641)
Impairment Provision(-)/Reversal of Impairment Provision ^(*)	43.392	(42.339)
Net closing balance	341.132	118.978

^(*)The transfers and impairments related to the transfers (if any) have been moved to assets to be sold under tangible assets.

As of December 31, 2022, TL 341.132 (December 31, 2021: TL 118.517) of the assets held for sale is comprised of real estates. There are no other tangible assets (December 31, 2021: TL 461). The Bank has not any discontinued operations and assets of discontinued operations.

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9. Ownership investments:

a. Associates:

a.1. Information on unconsolidated associates:

As of balance sheet date, the Bank does not have any unconsolidated associates.

a.2. Information on consolidated associates:

As of balance sheet date, the Bank does not have any consolidated associates.

b. Information on subsidiaries (net):

b1. Information on unconsolidated non financial subsidiaries:

As of balance sheet date, the Bank does not have any non financial subsidiaries.

b2. Information on consolidated subsidiaries:

Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş., the purpose of which are to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. have been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on “Principles Related to Rent Certificates and Asset Leasing Companies” dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Türkiye and other related regulations. The founding capital of each company is TL 50. As of December 31, 2022, the capital of each company is TL 50.

i. The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2022.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	İstanbul/Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
921.456	201	2	-	-	21	120	-

ii. The balances of Değer Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2022.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Değer Varlık Kiralama A.Ş.	İstanbul/Türkiye	100,00	-

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Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
85.468	484	-	-	-	434	-	-

iii. In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of “Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to “Albaraka Portföy Yönetimi A.Ş.” upon the decision of “2018 Extraordinary General Assembly” dated December 20, 2017.As of December 31, 2022, the capital of the company is TL 45.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from unaudited financial statements as of December 31, 2022.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Portföy Yön. A.Ş.	İstanbul/Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
219.386	206.258	1.929	1.413	-	126.531	27.079	-

iv. Insha GMBH has been established in Berlin (Germany) in 2018 in order to provide digital participation banking services through the banking license of Solarisbank AG to collect funds through mentioned license (mudaraba method) and to evaluate funds in accordance with the interest-free finance principles of the signed contract. As of December 31, 2022, the capital of the company is EUR 5.982.255 (full balance in original currency) equivalent to TL 64.221 as historical cost in the Balance Sheet.

As of December 31, 2022, unaudited financial statements of Insha GMBH is as follows:

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Insha GMBH	Berlin/Germany	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
€ 1.486.332	€ 275.771	€ 527.966	-	-	€ (2.648.186)	€ (3.058.298)	-

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v. Movement and sectoral information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	23.411	23.411
Movements inside the term	45.910	-
Purchases/new incorporations/capital increases/capital decreases (-)	45.910	-
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	69.321	23.411
Capital commitments	-	-
Share of the capital at the end of the period (%)	100	100
	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	69.321	23.411

c. Information on investments in joint-ventures:

The Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") - a private pension and insurance company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financial data from unaudited financial statements as of December 31, 2022 is as follows:

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50%	50%	709.134	11.327.169	11.362.943	592.559	473.566

Investment in joint venture in the unconsolidated financial statements is carried at cost.

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10. Information on tangible assets:

Current period	Immovables ⁽¹⁾	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
Cost						
Opening balance: January 1, 2022	1.109.697	-	818	396.808	497.299	2.004.622
Additions	172.769	-	352	34.663	277.500	485.284
Revaluation differences	715.529	-	-	-	-	715.529
Disposals	-	-	(400)	(9.853)	(150.302)	(160.555)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	180.584	180.584
Transfers	-	-	-	-	111.996	111.996
Ending balance: December 31, 2022	1.997.995	-	770	421.618	917.077	3.337.460
Accumulated depreciation(-)						
Opening balance: January 1, 2022	219.712	-	692	273.117	2.133	495.654
Depreciation expense	69.801	-	99	51.368	-	121.268
Reversal of depreciation of the disposed assets	-	-	(398)	(9.797)	(1.958)	(12.153)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2022	289.513	-	393	314.688	175	604.769
Total cost at the end of the year	1.997.995	-	770	421.618	917.077	3.337.460
Total accumulated depreciation at the end of the year	(289.513)	-	(393)	(314.688)	(175)	(604.769)
Closing net book value	1.708.482	-	377	106.930	916.902	2.732.691

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Prior period	Immovables ^(*)	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2021	876.740	-	922	365.685	555.254	1.798.601
Additions	46.985	-	18	38.885	-	85.888
Revaluation differences	185.972	-	-	-	-	185.972
Disposals	-	-	(122)	(7.762)	(190.492)	(198.376)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	27.896	27.896
Transfers	-	-	-	-	104.641	104.641
Ending balance: December 31, 2021	1.109.697	-	818	396.808	497.299	2.004.622
Accumulated depreciation(-)						
Opening balance: January 1, 2021	165.280	-	706	242.036	2.320	410.342
Depreciation expense	54.432	-	85	37.115	-	91.632
Reversal of depreciation of the disposed assets	-	-	(99)	(6.034)	(187)	(6.320)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2021	219.712	-	692	273.117	2.133	495.654
Total cost at the end of the year	1.109.697	-	818	396.808	497.299	2.004.622
Total accumulated depreciation at the end of the year	(219.712)	-	(692)	(273.117)	(2.133)	(495.654)
Closing net book value	889.985	-	126	123.691	495.166	1.508.968

^(*) As of December 31, 2022, the immovables of the Bank have been revalued by an independent valuer and revaluation fund of TL 715.529 (December 31, 2021: TL 185.972) has been reflected in the financial statements. After the revaluation, the total cost of the Bank's immovables is TL 1.404.044 (December 31, 2021: TL 688.517), their amortisation is TL 114.869 (December 31, 2021: TL 90.454), net carrying value is TL 1.289.175 (December 31, 2021: TL 598.063). As of December 31, 2022, the total cost of the immovables recognized as "right of use" under tangible assets in accordance with "TFRS 16 Leases" standard in the balance sheet of the Bank is TL 593.951 (December 31, 2021: TL 421.180), related amortisation is TL 174.644 (December 31, 2021: TL 129.258), net carrying value is TL 419.307 (December 31, 2021: TL 291.922)

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11. Information on intangible assets:

a) Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Gross book value	434.921	283.265
Accumulated depreciation (-)	268.169	200.265
Total (net)	166.752	83.000

b) Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	83.000	40.533
Additions	142.835	75.121
Disposals (-) (net)	97	-
Depreciation expense (-)	58.986	32.654
Closing net book value	166.752	83.000

12. Information on investment property:

None (December 31, 2021: None)

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13. Information related to deferred tax asset:

As of December 31, 2022, the Bank calculated net deferred tax asset of TL 453.731 (December 31, 2021: TL 489.049) by netting off deferred tax asset of TL 819.562 (December 31, 2021: TL 631.449) and deferred tax liability of TL 365.831 (December 31, 2021: TL 142.400) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	183.605	79.209
Provisions for retirement premium and vacation pay liabilities	171.394	30.142
Difference between carrying value and tax base of tangible assets (amortisation differences)	79.722	46.991
Depreciation of tangible assets	387	45.110
Provisions for cases on trial	10.542	6.811
Provisions	311.329	70.461
Leasing profit share expenses	57.838	33.226
Other	4.745	319.499 ^(*)
Deferred tax asset	819.562	631.449
Revaluation difference of property	145.533	41.415
Rediscount on profit share	9.577	9.577
Right of use assets	111.529	60.625
Derivative financial liabilities	3.538	17.697
Other ^(**)	95.654	13.086
Deferred tax liability	365.831	142.400
Deferred tax asset (net)	453.731	489.049

^(*) Includes tax assets of TL 289.473 calculated from prior period financial losses. Since there is financial profit including previous years' financial losses, there is not any deferred tax assets for carried financial losses in the current term.

^(**) Includes TL 63.871, the deferred tax liability of securities revaluation difference at fair value through other comprehensive income. (December 31, 2021: 6.133 TL)

14. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 722.300 (December 31, 2021: TL 708.621) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	5.222.601	-	-	-	-	-	-	-	5.222.601
II.Real Persons Participation Accounts Non-Trade TL	-	2.814.203	20.314.487	1.664.847	-	17.513	4.966.871	14.144	29.792.065
III.Current Account other-TL	7.430.916	-	-	-	-	-	-	-	7.430.916
Public Sector	46.362	-	-	-	-	-	-	-	46.362
Commercial Institutions	7.129.339	-	-	-	-	-	-	-	7.129.339
Other Institutions	213.030	-	-	-	-	-	-	-	213.030
Commercial and Other Institutions	17.807	-	-	-	-	-	-	-	17.807
Banks and Participation Banks	24.378	-	-	-	-	-	-	-	24.378
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	24.354	-	-	-	-	-	-	-	24.354
Participation Banks	22	-	-	-	-	-	-	-	22
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	1.192.652	5.344.286	911.150	-	5.162	1.645.237	113	9.098.600
Public Sector	-	20	135	-	-	-	-	-	155
Commercial Institutions	-	1.139.687	4.919.233	864.510	-	5.155	1.639.092	113	8.567.790
Other Institutions	-	52.786	342.517	43.787	-	7	6.145	-	445.242
Commercial and Other Institutions	-	159	82.364	2.853	-	-	-	-	85.376
Banks and Participation Banks	-	-	37	-	-	-	-	-	37
V. Real Persons Current Accounts Non- Trade FC	19.128.553	-	-	-	-	-	-	-	19.128.553
VI. Real Persons Participation Accounts Non-Trade FC	-	7.212.751	6.985.507	1.000.316	-	57.892	2.727.477	18.533	18.002.476
VII. Other Current Accounts FC	13.639.947	-	-	-	-	-	-	-	13.639.947
Residents in Türkiye-Corporate	7.002.573	-	-	-	-	-	-	-	7.002.573
Residents Abroad-Corporate	5.596.555	-	-	-	-	-	-	-	5.596.555
Banks and Participation Banks	1.040.819	-	-	-	-	-	-	-	1.040.819
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	103	-	-	-	-	-	-	-	103
Foreign Banks	1.040.473	-	-	-	-	-	-	-	1.040.473
Participation Banks	243	-	-	-	-	-	-	-	243
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	619.148	709.210	23.608	-	28.454	77.647	500	1.458.567
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	561.264	524.458	11.627	-	194	31.391	500	1.129.434
Other institutions	-	26.657	13.526	246	-	-	-	-	40.429
Commercial and Other Institutions	-	31.227	171.226	11.735	-	-	46.256	-	260.444
Banks and Participation Banks	-	-	-	-	-	28.260	-	-	28.260
IX. Precious Metals Deposits	6.788.587	731.679	1.225.306	56.154	-	2.648	94.228	3.470	8.902.072
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI.Participation Accounts Special Fund Pools - FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	52.210.604	12.570.433	34.578.796	3.656.075	-	111.669	9.511.460	36.760	112.675.797

Foreign exchange-protected participation account instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL participation accounts are valued with profit rates and are protected against changes in foreign exchange rates, is offered to bank customers. Within this scope, as of December 31, 2022, TL participation accounts include TL 27.864.396 foreign exchange-protected participation accounts.

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Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	4.001.458	-	-	-	-	-	-	-	4.001.458
II. Real Persons Participation Accounts Non-Trade TL	-	3.113.067	5.518.589	161.758	-	22.416	504.010	12.734	9.332.574
III. Current Account other-TL	3.713.083	-	-	-	-	-	-	-	3.713.083
Public Sector	84.792	-	-	-	-	-	-	-	84.792
Commercial Institutions	3.423.994	-	-	-	-	-	-	-	3.423.994
Other Institutions	155.487	-	-	-	-	-	-	-	155.487
Commercial and Other Institutions	31.794	-	-	-	-	-	-	-	31.794
Banks and Participation Banks	17.016	-	-	-	-	-	-	-	17.016
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	17.000	-	-	-	-	-	-	-	17.000
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	840.330	1.994.941	137.709	-	12.031	167.947	120	3.153.078
Public Sector	-	10	110	-	-	-	-	-	120
Commercial Institutions	-	785.975	1.598.806	135.664	-	12.024	165.558	120	2.698.147
Other Institutions	-	54.344	321.138	2.045	-	7	2.389	-	379.923
Commercial and Other Institutions	-	1	24.445	-	-	-	-	-	24.446
Banks and Participation Banks	-	-	50.442	-	-	-	-	-	50.442
V.Real Persons Current Accounts Non- Trade FC	16.580.053	-	-	-	-	-	-	-	16.580.053
VI. Real Persons Participation Accounts Non-Trade FC	-	7.392.746	11.689.171	984.545	-	73.865	3.091.153	10.588	23.242.068
VII.Other Current Accounts FC	16.467.636	-	-	-	-	-	-	-	16.467.636
Residents in Türkiye-Corporate	10.655.873	-	-	-	-	-	-	-	10.655.873
Residents abroad-Corporate	4.369.056	-	-	-	-	-	-	-	4.369.056
Banks and Participation Banks	1.442.707	-	-	-	-	-	-	-	1.442.707
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	78	-	-	-	-	-	-	-	78
Foreign Banks	1.442.303	-	-	-	-	-	-	-	1.442.303
Participation Banks	326	-	-	-	-	-	-	-	326
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	1.255.705	4.051.953	28.420	-	29.869	34.009	2.014	5.401.970
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	844.323	3.394.400	21.434	-	9.968	33.959	2.014	4.306.098
Other Institutions	-	22.336	33.812	14	-	-	-	-	56.162
Commercial and Other Institutions	-	389.046	425.304	6.972	-	-	50	-	821.372
Banks and Participation Banks	-	-	198.437	-	-	19.901	-	-	218.338
IX. Precious Metals Deposits	5.520.205	1.015.474	2.487.785	140.218	-	43.979	128.270	8.798	9.344.729
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	46.282.435	13.617.322	25.742.439	1.452.650	-	182.160	3.925.389	34.254	91.236.649

Foreign exchange-protected participation account instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL participation accounts are valued with profit rates and are protected against changes in foreign exchange rates, is offered to bank customers. Within this scope, as of December 31, 2021, TL participation accounts include TL 1.002.062 foreign exchange-protected participation accounts.

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b. Information on participation fund under the guarantee of insurance:**b.1. Under the guarantee of Insurance and 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	Under the guarantee of Insurance	Exceeding 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				
Turkish Lira accounts	9.230.265	6.207.822	25.784.400	7.126.212
Foreign currency accounts	10.360.486	8.600.262	34.973.814	38.238.727
Foreign branches' deposits subject to foreign authorities' insurance	44.818	35.842	310.499	276.478
Off-shore deposits under foreign authorities' insurance	-	-	-	-

(¹) In accordance with the "Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936, all deposit and participation funds have been insured except official institutions in the presence of credit institutions, credit institutions and financial institutions. In this context, commercial current and participation accounts covered by the insurance amount to TL 3.674.273, amounts exceeding the insurance limit is TL 26.074.642 and the mentioned amount is not included in the footnote.

Funds collected by Participation Banks (expect belonging to official institutions, credit institutions and financial institutions) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 200 (including both principal and profit shares) for each real person or legal 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	41.853	39.825
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 Türkiye in order to engage solely in Off-Shore Banking Activities	-	-

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2. Information on borrowings:

a.1. Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	3.054.715	-	1.249.451
Loans Obtained from Issued Lease Certificates (Sukuk)	886.036	-	4.109.766	-
Other	54.425	416.804	58.621	841.377
Total	940.461	3.471.519	4.168.387	2.090.828

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	940.461	6.731	4.168.387	465.339
Loans from foreign banks, institutions and funds	-	3.464.788	-	1.625.489
Total	940.461	3.471.519	4.168.387	2.090.828

a.3. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	507.864	3.466.719	4.041.603	2.007.533
Medium and Long-Term	432.597	4.800	126.784	83.295
Total	940.461	3.471.519	4.168.387	2.090.828

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

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

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3. Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	8.542	808	20.861	-
Swap transactions	4.277	852	159.624	6.769
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	12.819	1.660	180.485	6.769

The Bank has not any derivative financial liabilities for hedging purposes (December 31, 2021: None).

4. Lease payables (Net):

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	5.863	-	4.631	-
1 to 5 years	154.708	26.214	108.401	-
Over 5 years	289.836	185	214.808	21.774
Total	450.407	26.399	327.840	21.774

5. Information on provisions:

a. Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 321.032 (December 31, 2021: TL 130.282), vacation pay liability amounting to TL 14.545 (December 31, 2021: TL 17.764) and performance premium provision amounting to TL 350.000 (December 31, 2021: TL None) totaling to TL 685.577 (December 31, 2021: TL 148.046). 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 (%)	11,10	14,50
Estimated increase rate of salary ceiling (%)	10,00	10,00

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

	Current Period	Prior Period
Prior period ending balance	130.282	120.932
Allocation the in period	8.956	25.300
Actuarial (gain)/loss	181.794	(15.950)
Balance at the end of the period	321.032	130.282

b. Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	20.239	16.435
Provisions allocated from profit shares to be distributed to profit sharing accounts	6.438	2.957
Third stage expected loss provisions for unindemnified letter of guarantees	15.360	3.881
Third stage expected loss provisions for cheques commitments	4.604	4.002
Provisions for promotions related with credit cards and promotion of banking services	445	283
Provisions for cases on trial	42.169	34.057
Accrual for purchase and sale commitments	375	1.583
Free provisions allocated for possible losse ^(*)	1.800.000	100.000
Other	313	834
Total	1.889.943	164.032

(*) Includes free provision amounting to TL 1.800.000, which is set aside by the Bank's management apart from the requirements of the BRSA Accounting and Financial Reporting Legislation. (December 31, 2021: 100.000 TL).

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

As of December 31, 2022, there is no provision for exchange losses in foreign currency indexed loans and financial lease receivables (December 31, 2021: None).

6. Information on taxes payable:

a. Explanations on current tax liability

a.1. Explanations on tax provisions:

As of December 31, 2022, the Bank's remaining tax liability after deducting the temporary taxes paid from corporate tax amounts to TL 604.361 (December 31, 2021: TL 18.614).

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a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	604.361	18.614
Banking insurance transaction tax	41.888	26.333
Taxation on securities income	13.020	18.094
Value added tax payable	6.698	3.224
Taxation on real estate income	1.888	1.371
Foreign exchange transaction tax	6.255	17.031
Income tax deducted from wages	28.796	14.432
Other	6.063	2.611
Total	708.969	101.710

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	11.983	6.708
Social security premiums-employer	13.239	7.366
Bank pension fund premium-employees	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employees	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	854	478
Unemployment insurance-employer	1.708	956
Other	-	-
Total	27.784	15.508

7. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2021: None).

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

Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of additional Tier I Capital	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II Capital	-	4.694.238	-	3.119.354
Subordinated loans	-	4.694.238	-	3.119.354
Subordinated debt instruments	-	-	-	-
Total	-	4.694.238	-	3.119.354

The Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Türkiye through its structured entity Albaraka Sukuk Limited amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,50% for the first 5 years and 9,371% for the last 5 years (from May 2021).

The Bank has realized undated additional Tier 1 Capital amount to USD 205.000.000 on February 20, 2018.

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

None (December 31, 2021: None).

10. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	2.500.000	1.350.000
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:

In the Board of Directors meeting dated February 28, 2013, the Bank has taken a resolution on transition to registered capital system. The application dated January 22, 2021 for the extension of the Registered Capital Ceiling to the Capital Markets Board has been approved on January 28, 2021 and the registered capital ceiling has been determined as TL 2.500.000 to be valid until December 31, 2025.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	2.500.000	2.500.000

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

Information on the capital increase in the current period is as follows:

Date of increase	Increased Amount	Cash	Profit Reserves subjected to Increase	Capital Reserves subjected to Increase
31.05.2022	1.150.000 TL	1.150.000 TL	-	-

ç. 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.

d. 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.

e. 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.

f. Information on privileges given to stocks representing the capital:

There are no privileges given to stocks representing the capital.

g. Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference ^(*)	162.579	28.542	11.641	6.760
Foreign exchange difference	-	-	-	-
Total	162.579	28.542	11.641	6.760

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

ğ) Information on other capital reserves:

The Bank has evaluated its undated sukuk transaction as non monetary item as per TAS 32 which is issued by “Bereket One Ltd” quoted at Ireland Stock Exchange amount to USD 205.000.000 (historical cost is TL 775.720) and compatible with Basel III criteria. In addition to this evaluation, considering BRSA's approval to add it to additional Tier 1 capital dated February 20, 2018, the Bank recognized it in shareholders' equity under “other capital reserves” on historical cost. The settlement date of the sukuk transaction is February 20, 2023 and its yearly cost is 10% with every six-month payment. The Bank has option to cancel the expense amounts. If the Bank uses this option, it is not obligatory to pay the amount it has not paid in the following periods.

The total coupon payment for the related transaction amounting to TL 792.205 (December 31, 2021: TL 468.589) has been recognized under prior years profit/loss.

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

1. Explanations on off balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	1.910.259	1.059.919
Payment commitments for cheques	1.109.464	834.732
Asset purchase and sale commitments	581.749	927.624
Loan granting commitments	618.854	655.296
Tax and funds liabilities arising from export commitments	30.942	17.234
Commitments for promotions related with credit cards and banking activities	687	555
Other irrevocable commitments	563	552
Other revocable commitments	53.500	39.500
Total	4.306.018	3.535.412

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

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

	Current Period	Prior Period
Letters of guarantees	17.449.635	12.371.236
Bank loans	70.414	99.278
Letters of credit	3.467.844	4.898.399
Other guaranties and sureties	135.117	34.387
Total	21.123.010	17.403.300

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

	Current Period	Prior Period
Letters of guarantees	17.449.635	12.371.236
Long standing letters of guarantees	12.792.451	8.421.227
Temporary letters of guarantees	546.270	294.638
Advance letters of guarantees	866.507	803.105
Letters of guarantees given to customs	1.059.864	654.451
Letters of guarantees given for obtaining cash loans	2.184.543	2.197.815
Sureties and similar transactions	135.117	34.387
Total	17.584.752	12.405.623

c. Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	2.184.543	2.197.815
With original maturity of 1 year or less	745.936	662.573
With original maturity of more than 1 year	1.438.607	1.535.242
Other non-cash loans	18.938.467	15.205.485
Total	21.123.010	17.403.300

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

	Current period			
	TL	(%)	FC	(%)
Agricultural	309.177	2,70	115.146	1,19
Farming and stockbreeding	148.285	1,30	103.676	1,07
Forestry	159.028	1,38	11.470	0,12
Fishery	1.864	0,02	-	0,00
Manufacturing	3.142.777	27,49	4.503.578	46,47
Mining	138.623	1,21	2.463	0,03
Production	2.821.178	24,68	3.873.421	39,96
Electricity, gas and water	182.976	1,60	627.694	6,48
Construction	2.463.975	21,56	813.548	8,39
Services	5.208.894	45,56	3.663.413	37,79
Wholesale and retail trade	3.157.674	27,62	1.259.375	12,99
Hotel, food and beverage services	68.732	0,60	139.499	1,44
Transportation and telecommunication	426.993	3,74	219.754	2,27
Financial Institutions	514.329	4,50	1.751.895	18,07
Real estate and renting services	369.420	3,23	177.009	1,83
Self-employment services	323.551	2,83	76.820	0,79
Education services	42.576	0,37	13	0,00
Health and social services	305.619	2,67	39.048	0,40
Other	305.808	2,69	596.694	6,16
Total	11.430.631	100,00	9.692.379	100,00

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	Prior period			
	TL	(%)	FC	(%)
Agricultural	110.103	1,56	53.430	0,52
Farming and stockbreeding	59.909	0,85	52.460	0,51
Forestry	49.622	0,70	970	0,01
Fishery	572	0,01	-	0,00
Manufacturing	1.745.283	24,65	4.600.865	44,57
Mining	55.295	0,78	690	0,01
Production	1.513.702	21,38	3.896.762	37,75
Electricity, gas and water	176.286	2,49	703.413	6,81
Construction	1.486.579	21,00	1.045.891	10,13
Services	3.539.218	49,99	4.275.662	41,42
Wholesale and retail trade	1.938.841	27,38	1.780.183	17,24
Hotel, food and beverage services	43.099	0,61	87.363	0,85
Transportation and telecommunication	305.655	4,32	146.175	1,42
Financial Institutions	390.114	5,51	1.989.986	19,28
Real estate and renting services	340.794	4,81	176.968	1,71
Self-employment services	207.978	2,94	55.029	0,53
Education services	64.880	0,92	1.469	0,01
Health and social services	247.857	3,50	38.489	0,38
Other	199.074	2,80	347.195	3,36
Total	7.080.257	100,00	10.323.043	100,00

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

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	11.128.112	9.486.814	274.264	131.418
Letters of guarantee	10.999.994	5.959.056	274.115	114.068
Bank loans	-	70.414	-	-
Letters of credit	11.385	3.439.109	-	17.350
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	116.733	18.235	149	-
Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	6.940.630	10.048.418	104.436	223.386
Letters of guarantee	6.908.691	5.048.293	104.436	223.386
Bank loans	-	99.278	-	-
Letters of credit	12.324	4.886.075	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	19.615	14.772	-	-

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2. Explanations on derivative transactions:

	Derivative transactions according to purpose	Derivative transactions according to purpose
	December 31, 2022	December 31, 2021
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	4.557.236	6.798.644
Currency Forwards-Purchases, sales	1.230.982	951.048
Currency Swaps-Purchases, sales	3.326.254	5.847.596
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit share Rate Related Derivative Transactions (II)	-	-
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	4.557.236	6.798.644
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	4.557.236	6.798.644

3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 42.169 (December 31, 2021: TL 34.057), as presented under "Other Provisions" note in Section Five Note II.5.b, for the lawsuits opened by various real persons and legal entities against the Bank with high probability of realization and cash outflows. Although there are other ongoing lawsuits against the Bank, the Bank considers the probability of a negative result in ongoing litigations resulting in cash outflows as remote.

4. Explanations on services rendered on behalf of third parties:

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

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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	2.551.682	320.341	889.366	200.080
Medium and Long Term Loans ^(**)	4.317.481	1.044.803	2.173.463	785.728
Profit Share on Non-Performing Loans	62.924	4.940	121.382	5.838
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	6.932.087	1.370.084	3.184.211	991.646

(*) Includes fees and commission income on cash loans.

(**) Includes TL 861.227 as profit and loss sharing invenstment income. (December 31, 2021: 146.893 TL)

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	47.503	-	134.657	-
Domestic Banks	172	-	373	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	47.675	-	135.030	-

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	930.197	222.641	123.911	111.756
Financial assets measured at fair value through other comprehensive income	232.929	32.544	100.431	33.898
Financial assets measured at amortised cost	605.801	581.128	107.823	194.687
Total	1.768.927	836.313	332.165	340.341

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	44.259	-	34.438	-
Total	44.259	-	34.438	-

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							Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	
Account name								
TL								
Funds collected from banks through current and profit sharing accounts	-	26.318	-	-	-	-	-	26.318
Real persons' non-trading profit sharing accounts	398.032	2.028.722	151.907	-	3.282	361.049	1.812	2.944.804
Public sector profit sharing accounts	3	18	-	-	-	-	-	21
Commercial sector profit sharing accounts	111.691	590.370	351.036	-	113.613	27.526	3	1.194.239
Other institutions profit sharing accounts	8.370	68.455	9.690	-	3	540	-	87.058
Total	518.096	2.713.883	512.633	-	116.898	389.115	1.815	4.252.440

FC

Funds collected from banks through current and profit sharing accounts	-	846	-	-	577	-	-	1.423
Real persons' non-trading profit sharing accounts	73.579	97.370	12.584	-	688	37.519	262	222.002
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	7.030	17.550	212	-	41	418	7	25.258
Other institutions profit sharing accounts	1.644	5.585	90	-	-	849	-	8.168
Precious metals deposits	1.596	5.401	243	-	24	721	12	7.997
Total	83.849	126.752	13.129	-	1.330	39.507	281	264.848

Grand total	601.945	2.840.635	525.762	-	118.228	428.622	2.096	4.517.288
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Prior Period	Profit sharing accounts							
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	-	780	2.420	-	-	-	-	3.200
Real persons' non-trading profit sharing accounts	357.644	572.616	18.051	-	3.324	64.908	1.449	1.017.992
Public sector profit sharing accounts	3	1	-	-	-	-	-	4
Commercial sector profit sharing accounts	78.780	410.641	25.908	-	32.533	6.101	2	553.965
Other institutions profit sharing accounts	8.718	55.325	448	-	48	330	-	64.869
Total	445.145	1.039.363	46.827	-	35.905	71.339	1.451	1.640.030
FC								
Funds collected from banks through current and profit sharing accounts	389	4.069	-	-	193	49	-	4.700
Real persons' non-trading profit sharing accounts	49.994	86.700	8.822	-	734	31.855	62	178.167
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	7.175	47.027	1.817	-	3.878	313	21	60.231
Other institutions profit sharing accounts	1.464	2.380	106	-	-	-	-	3.950
Precious metals deposits	1.556	5.223	321	-	170	512	17	7.799
Total	60.578	145.399	11.066	-	4.975	32.729	100	254.847
Grand total	505.723	1.184.762	57.893	-	40.880	104.068	1.551	1.894.877

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	38	60.009	289	48.500
CBRT	-	-	-	-
Domestic banks	-	780	-	1.919
Foreign banks	38	59.229	289	46.581
Head offices and branches abroad	-	-	-	-
Other institutions	494.847	427.906	950.925	261.130
Total	494.885	487.915	951.214	309.630

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	483.869	33	941.694	-
Total	483.869	33	941.694	-

ç. Profit share expenses paid to marketable securities issued:

None (December 31, 2021: None).

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3. The Other Items in Net Fees and Commission Income/Expenses, which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10% of the total of income statement:		
Other Fees and Commissions Received	Current Period	Prior Period
Clearing room fees and commissions	130.403	75.188
Member firm-POS fees and commissions	124.211	71.518
Commissions on money orders	109.872	58.764
Prepaid import commissions	86.333	47.128
Loan Limit Allocation Fees	70.847	22.474
Insurance and brokerage commissions	58.624	28.422
Service pack commissions	32.181	15.345
Appraisal fees	25.295	16.580
Export credit commissions	22.276	9.559
Advocacy service commissions and counsel fees	9.548	8.517
Checks and bills commissions	7.007	4.910
Fees and commissions from correspondent banks	5.435	4.377
Safe deposit box commissions	4.284	3.312
Pledge Put and Mortgage Release Fees	3.543	3.209
Enquiry fees received	3.007	2.315
Other	90.847	44.856
Total	783.713	416.474
Other Fees and Commissions Paid	Current Period	Prior Period
Required Reserves Commissions for CBRT in Foreign currency	158.422	3.160
Fees and commissions for Swift, EFT and money orders	81.517	71.204
Member firm-POS fees and commissions	65.870	37.955
Credit cards fees and commissions	59.128	36.762
Funds borrowed fees and commissions	7.068	9.551
Other	17.458	17.285
Total	389.463	175.917

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4. Information on dividend income:				
	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	-	282	768	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	774	-	-	-
Other	-	-	-	-
Total	774	282	768	-
5. Explanations on trading income/loss (net):				
	Current Period		Prior Period	
Income	45.854.273		46.453.647	
Income from capital market transactions	2.104.264		140.505	
Income from derivative financial instruments	227.603		241.653	
Foreign exchange income	43.522.406		46.071.489	
Loss (-)	42.973.191		46.317.420	
Loss on capital market transactions	231.839		213.439	
Loss on derivative financial instruments	134.877		471.127	
Foreign exchange losses	42.606.475		45.632.854	
Trading Income/Loss (net)	2.881.082		136.227	
6. Explanations related to other operating income:				
	Current Period		Prior Period	
Reversal of prior year provisions	1.390.440		944.571	
Income from sale of assets	154.415		150.670	
Communication revenue	41.630		23.337	
Cheque book charges	4.115		3.044	
Operating Lease Income	47.090		10.592	
Other income	19.868		10.717	
Total	1.657.558		1.142.931	

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7. Informations on Expected Credit Losses and Other Provision Expenses:

	Current Period	Prior Period
Expected Credit Loss	3.865.008	1.575.273
12 month expected credit loss (stage 1)	127.045	59.313
Significant increase in credit risk (stage 2)	1.046.034	241.260
Non-performing loans (stage 3)	2.691.929	1.274.700
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	-	-
Miscellaneous Provisions	85.144	136.070
Expected credit losses for 1 st and 2 nd group non-cash loans	4.380	3.607
Third stage expected loss provision for unindemnified non cash loans	12.080	-
Expected credit losses (stage 1) for banks	64.840	22.111
Profit and loss sharing investments' fair value provision.	-	109.533
Expected credit losses (stage 1) for other financial assets.	-	726
Expected credit losses for financial assets measured at amortized cost	3.844	93
Total	3.950.152	1.711.343

Expected credit losses amount to TL 3.950.152 (December 31, 2021: TL 1.711.343 TL) includes TL 1.240.654 (December 31, 2021: TL 650.124) representing participation account share of expected credit losses of loans provided from participation accounts.

Information on Other Provision Expenses

	Current Period	Prior Period
Vacation pay provision expenses	346.781	4.055
Impairment on financial assets measured at fair value through profit/loss	8.042	3.393
Provisions for cases on trial	8.112	13.874
Free provisions allocated for possible losses	1.700.000	100.000
Provisions allocated from profit shares to be distributed to profit sharing accounts	3.832	2.604
Total	2.066.767	123.926

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8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	3.838	-
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	161.317	116.920
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	58.986	32.654
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	1
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	6.505	46.769
Other business expenses	423.881	194.703
Leasing Expenses on TFRS 16 Exceptions	1.954	6.079
Maintenance and repair expenses	50.723	36.317
Advertisement expenses	22.263	9.819
Other expenses ^(*)	348.941	142.488
Loss on sale of assets	1.642	1.062
Other ^(**)	411.819	262.303
Total	1.067.988	654.412

(*) The details of the "Other Expenses" balance under Other Operating Expenses are as follows:

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	Current Period	Prior Period
Communication Expenses	66.284	37.875
Donations	32.250	8.133
Cleaning expenses	41.749	22.897
Heating, lighting and water expenses	53.694	16.290
Representation and Hosting expenses	13.795	10.200
Vehicle expenses	17.509	6.568
Lawsuit and court expenses	7.737	3.783
Movables Insurance Expenses	11.034	4.837
Stationery Expenses	6.710	4.641
Expense Share for Common Expenses	3.706	2.514
Subcontractor security service expenses	41.000	-
Cash and banknote group transportation service expenses	25.586	9.939
Other	27.887	14.811
Total	348.941	142.488

(*) Details of "other" balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	190.587	120.296
Taxes, Duties, Charges and Funds	128.532	82.365
Expertise and Information Expenses	28.685	21.888
Audit and Consultancy Fees	37.278	13.211
Institution and Union participation share	18.487	13.201
Other	8.250	11.342
Total	411.819	262.303

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As per the decision by Public Oversight Accounting and Auditing Standards Authority dated March 26, 2021, the following table represents the fees for the services received from the auditor or independent audit firm for reporting period. The audit fees of the associates of the Bank are included as well. The fees in the table does not include Value Added Tax.

	Audit services provided by Group auditor	Audit services provided by other audit firms
Current Period		
Independent Audit fee for reporting period ^(*)	4.575	295
Fees for tax consultancy	115	-
Other assurance services' fees	-	-
Other service fees other than independent audit.	-	1.150
Total	4.690	1.445

	Audit services provided by Group auditor	Audit services provided by other audit firms
Prior Period		
Indenependent Audit fee for reporting period ^(*)	2.324	190
Fees for tax consultancy	185	-
Other assurance services' fees	1.945	-
Other service fees other than independent audit.	450	-
Total	4.904	190

(*) For foreign currency independent audit fees fx rates of December 31, 2022 and December 31, 2021 have been used.

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

As the Bank does not have any discontinued operations, there is no explanation related to income/loss from discontinued operations before taxes.

The Bank's income before tax increased by 2.742% compared to prior period and is realized as TL 2.315.241 (31 December 2021: TL 81.442). Income before tax comprises net profit share income in the amount of TL 5.382.292 (December 31, 2021: TL 1.693.362) and fees and commission income in the amount of TL 644.548 (December 31, 2021: TL: 405.756). Total other operating expenses amount to TL 1.067.988 (December 31, 2021: TL 654.412).

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

Since the Bank has no discontinued operations, there is no tax provision for this purpose.

As of December 31, 2022, the Bank has deferred tax income amounts to TL 1.131.637 (December 31, 2021: TL 688.099) and deferred tax expense amounts to TL 1.476.179 (December 31, 2021: TL 18.614). Current tax provision is TL 605.203. (December 31, 2021: 18.614).

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

The Bank has no discontinued operations. Net income for the period has been realized as TL 1.365.496 (December 31, 2021: TL: 104.403) by deducting tax expense amounting to TL 949.745 (December 31, 2021: TL 22.961 total tax income, including TL 18.614 current tax expense, TL 41.575 deferred tax income) from profit from continued operations amounting to TL 2.315.241 (December 31, 2021: TL 81.442).

12. Explanations on net income/loss:

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

None.

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

None.

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

a) There is no declaration of dividends made subsequent to the balance sheet date, and prior to the announcement of the financial statements.

Decision related to the dividend distribution will be taken in the General Assembly. General Assembly has not been held as of the date of finalization of the accompanying financial statements.

b) "Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets measured at fair value through other comprehensive income are recognized in the "Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income. TL 230.948 increase (before deferred tax) has occurred after the revaluation of financial assets measured at fair value through other comprehensive income (December 31, 2021: TL 18.045 increase).

c) Revaluation amounts related to tangible and intangible assets are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.

d) Foreign exchange differences arising from translation of income statement of foreign branch of the Bank are accounted in other capital reserves amounts to TL 220.797 as increase. (December 31, 2021: TL 205.376 increase).

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

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

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

(a) Cash and cash equivalents at the beginning of the period:

	Current Period	Pior Period
Cash	10.090.678	5.406.129
Cash in TL/foreign currency	1.795.408	1.457.399
Cash in transit	1.695.443	844.125
CBRT	6.599.827	3.104.605
Cash equivalents	3.815.879	2.649.148
Domestic banks	1.053.457	1.442.851
Foreign banks	2.762.422	1.206.297
Total cash and cash equivalents	13.906.557	8.055.277

(b) Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	8.567.744	10.090.678
Cash in TL/foreign currency	1.931.106	1.795.408
Cash in transit	1.219.631	1.695.443
CBRT	5.417.007	6.599.827
Cash equivalents	4.952.165	3.815.879
Domestic banks	1.643.031	1.053.457
Foreign banks	3.309.134	2.762.422
Total cash and cash equivalents	13.519.909	13.906.557

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

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

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

The "Others" item under "Operating profit before changes in operating assets and liabilities" amounting to TL (4.083.361) (December 31, 2021: TL (652.573)) mainly comprises other operating expenses excluding personnel expenses and amortization expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 38.263 (December 31, 2021: TL 1.346.410 mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL 1.109.908 as of December 31, 2022 (December 31, 2021 TL 3.140.562).

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:

a. Current period:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at the beginning of the period	90	62	1.321.649	70.174	52	-
Balance at the end of the period	6	1.418	1.518.040	68.658	375	12
Profit share and commission income received	-	7	64.462	328	-	-

b. Prior period:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	6	53	818.807	34.537	187	-
Balance at end of period	90	62	1.321.649	70.174	52	-
Profit share and commission income received	-	-	36.243	183	-	-

(*) Defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

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

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	15.374	35.342	688.843	271.125	28.403	12.518
Balance at the end of period	40.176	15.374	704.955	688.843	34.322	28.403
Profit share expense	1.022	2	-	3	262	117

(*) As of December 31, 2022, wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 36.288.426 and EUR 3.600.000 (December 31, 2021: USD 42.837.711 and EUR 21.600.000). The profit share expense relating to such borrowings for the period between January 1, 2022 - December 31, 2022 is TL 16.318 (December 31, 2021: TL 19.896).

USD 155 million of the additional Tier I capital amounting to USD 205 million, which was realized on February 20, 2018, belongs to Albaraka Group, the main shareholder of the company. The related amount is accounted under other capital reserves in the financial statements.

c.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 December 31, 2022, the Bank has paid TL 27.108 (December 31, 2021: TL 21.695) to top management.

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

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

	Number	NUMBER OF PERSONNEL	Country		
Domestic Branches	223	2.672			
Foreign Representation Office	-	-			
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	2	23	Irak	3.978.191	USD 50.000.000
Off-Shore Branches	-	-	-	-	-

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

In 2022, the Bank has closed 6 branches, including 5 physical branches and 1 digital branch, and has not opened any branch. The Bank has not opened and closed any branch abroad in 2022.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

IX. Explanations related to subsequent events:

As per the communique on the changes on General Communique of tax procedure law numbered 547 published in the Official Gazette dated January 14, 2023 counted 32073, the procedures and principles of the law articles that allow the revaluation of immovable and depreciable economic assets have been rearranged. Accordingly, the Bank will be able to do valuation for the immovables and depreciable economic assets on condition that fulfilling the conditions in tax procedure law temporary 32th item and duplicated item's terms numbered 298/ç. Thus, corporate tax can be paid according to the values found after revaluation of immovables and depreciable economic assets.

An earthquake occurred in the southeastern part of Türkiye that affected many of our cities. As the ultimate severity of this earthquake, which killed and injured thousands of people, is currently uncertain, efforts to measure the impact on the Bank's operations and financial condition continue.

X. Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification:

None.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

SECTION SIX

Other explanations

I. Other explanations regarding the Bank's operations

None.

SECTION SEVEN

Independent auditor's report

I. Explanations on independent auditor's report:

The Bank's unconsolidated financial statements as of and for the period ended December 31, 2022 have been audited by "PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi" and the audit report dated February 17, 2023 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT DECEMBER 31, 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(Convenience translation of the independent auditor's report and financial statements originally issued in Turkish - see section three Note I.b)

INDEPENDENT AUDITOR'S REPORT



To the General Assembly of Albaraka Türk Katılım Bankası Anonim Şirketi

A. Audit of the Consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying consolidated financial statements of Albaraka Türk Katılım Bankası Anonim Şirketi (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the statement of consolidated balance sheet as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

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

2. Basis for Qualified Opinion

As explained in Section Five Part II. 5.b of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 December 2022 include a free provision amounting to TL 1.800.000 thousand which consist of TL 100.000 thousand provided in prior periods and TL 1.700.000 thousand recognized in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards)

(the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

3. Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans and receivables</p> <p>The Group has total expected credit losses provision for loans and receivables amounting to TL 2.879.731 thousand in respect to total loans and receivables amounting to TL 74.596.005 thousand which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2022. Explanations and notes regarding the provision for impairment of loans are represented in Notes VIII of Section Three, II.1 and X.c of Section Four and 1.6 of Section Five of the accompanying consolidated financial statements as at 31 December 2022.</p> <p>The Group recognizes provision for impairment in accordance with "IFRS 9 Financial Instruments" ("IFRS 9") requirements and the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p> <p>The Group uses complex models for determining significant increase in credit risk and calculation of IFRS 9 expected credit losses. Historical events and information used in current conditions and macro-economic expectations considered in expected loss accounting should be reasonable and supportable.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as historical loss experiences, current conditions, macro-economic expectations; the significance of the loans and receivables balances, the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.</p>	<p>Within our audit procedures, we assessed policies and procedures together with the overall governance established by the Group with respect to classification of loans and the calculation of expected credit losses in accordance with the applicable regulations. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>We checked appropriateness of matters considered in methodology applied by the Group with IFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Group's management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed reasonability and tested model segmentation, lifetime probability of default model, exposure at default calculation, loss given default model and the approaches to reflecting macroeconomic expectations with our financial risk experts. We have assessed interpretation of expert opinion regarding reasonable and supportable forward looking expectations (including macroeconomic factors) Our procedures also included the following:</p> <ul style="list-style-type: none">- Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used.- For a selected sample, we checked expected credit losses and receivables determined based on individual assessment per Group's policy by means of supporting data, and evaluated appropriateness via communications with management.- We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.- We checked accuracy of resultant expected credit losses calculations on a sample basis.- To assess appropriateness of the Group's determination of staging for credit risk in the framework of existing regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.- We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of loans and receivables.

4. Other Matter

The consolidated financial statements of the Group as at 31 December 2021 were audited by another auditor whose auditor's report dated 8 March 2022 expressed an unqualified opinion.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of

31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM
Partner
Istanbul, 3 March 2023

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2022

Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6 34768 Ümraniye/İstanbul

Bank's phone number and facsimile : 00 90 216 666 01 01 - 00 90 216 666 16 00

Bank's website : www.albaraka.com.tr

Electronic mail contact info : albarakatürk@albarakatürk.com.tr

The consolidated year ended financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

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

Investments in subsidiaries, real estate investment funds, venture capital investment funds and joint ventures whose financial statements have been consolidated in this consolidated financial report are as follows:

Subsidiaries	Real Estate Investment Funds	Venture Capital Investment Funds	Joint Ventures
1. Bereket Varlık Kiralama A.Ş.	Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Katılım Emeklilik ve Hayat A.Ş.
2. Değer Varlık Kiralama A.Ş.	Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş.Fintech Girişim Sermayesi Yatırım Fonu	-
3. Albaraka Portföy Yönetimi A.Ş.	Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu	-
4. İnsha Gmbh	-	Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu	-
5. -	-	Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Girişim Sermayesi Yatırım Fonu	-

Bereket One Ltd and Albaraka Sukuk Ltd, which are not subsidiaries of the Bank but over which the Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Structured Entity".

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

Houssem BEN HAJ AMOR Chairman of the Board of Directors	Malek Khodr TEMSAH General Manager	Umut ÇAKMAK Assistant General Manager	Kemaleddin DİLBAZ Financial Reporting and Budget Management Manager
Mustafa BÜYÜKABACI Chairman of the Audit Committee	Bekir PAKDEMİRLİ Member of the Audit Committee	Mohamed Ali CHATTI Member of the Audit Committee	

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

Name-Surname/Title : Bora ŞİMŞEK/Financial Reporting and Budget Management/Vice Manager

Telephone : 00 90 216 666 05 59

Facsimile : 00 90 216 666 16 11

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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

SECTION ONE

General Information

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

Albaraka Türk Katılım Bankası Anonim Şirketi ("The Parent Bank") was incorporated on November 5, 1984 with the name of Albaraka Türk Özel Finans Kurumu A.Ş., based on the decision of the Council of Ministers numbered 83/7506 and dated December 16, 1983 regarding establishments of Special Finance Houses and obtained the operating permission from the Central Bank of Türkiye with the letter numbered 10912 and dated January 21, 1985.

Special Finance Houses, operating in accordance with the Communiqués of Under Secretariat of Treasury and the Central Bank of Türkiye based on the decision of Council of Ministers numbered 83/7506, have been subjected to the provisions of the Banking Law numbered 4389 with the change of law dated December 17, 1999 and numbered 4491. Special Finance Houses have been subjected to the provisions of "Communiqué Related to the Incorporation and Activities of Special Finance Houses" published in the Official Gazette dated September 20, 2001 numbered 24529 by the Banking Regulation and Supervision Agency ("BRSA"). "Communiqué Related to the Incorporation and Activities of Special Finance Houses" has been superseded by the "Communiqué Related to Credit Operations of Banks" published in the Official Gazette dated November 1, 2006 numbered 26333 and the Parent Bank operates in accordance with the Banking Law numbered 5411 published in the Official Gazette dated November 1, 2005 numbered 25983.

The decision regarding the change in the title of the Parent Bank, in relation with the provisions of the Banking Law numbered 5411, was agreed in the Extraordinary General Meeting dated December 21, 2005 and the title of the Parent Bank was changed as "Albaraka Türk Katılım Bankası A.Ş.". The change in the title was registered in Istanbul Trade Registry on December 22, 2005 and published in the Trade Registry Gazette dated December 27, 2005, numbered 6461.

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

The Parent Bank's head office is located in Istanbul and is operating through 223 (December 31, 2021: 229) local branches and 2 (December 31, 2021: 2) foreign branches and with 2.695 (December 31, 2021: 2.918) staff as of December 31, 2022. The Group has 2.719 (December 31, 2021: 2.943) staff as of December 31, 2022.

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

As of December 31, 2022, 43,37% (December 31, 2021: 36,29%) of the Parent Bank's shares are owned by Albaraka Group, 8,30% (December 31, 2021: 15,38%) owned by Dallah Albaraka Group, 4,23% (December 31, 2021: 7,84%) owned by Islamic Development Bank, 42,02% (December 31, 2021: 36,93%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

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

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD):	Housseem BEN HAJ AMOR	Chairman of BOD	Bachelor	-
Members of BOD:	Dr. Bekir PAKDEMİRLİ	Deputy Independent Member of BOD	Doctorate	-
	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	-
	Melikşah UTKU	Member of BOD	Master	-
	Ghassan Ahmed M. AMODI	Independent Member of BOD	Bachelor	-
	Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	-
	Azhar Aziz DOGAR	Member of BOD	Master	-
	Akram YASSIN	Member of BOD	Master	-
General Manager:	Malek Khodr TEMSAH	Member of BOD/General Manager	Master	-
Assistant General Managers:	Turgut SİMİTÇİOĞLU	Chief Assistant General Manager	Master	-
	Muhammet Faruk TORLAK	Assistant General Manager Responsible for Credits	Doctorate	-
	Mehmet Emin ÇONKAR	Assistant General Manager Responsible for Credit Monitoring and Legal Follow-Up	Bachelor	-
	Serhan YILDIRIM	Assistant General Manager Responsible for Treasury and International Banking	Bachelor	-
	Muzaffer ÇÖLMEK	Assistant General Manager Responsible for Operations	Bachelor	-
	Mehmet ULUDAĞ	Assistant General Manager Responsible for Individual and Private Banking	Master	-
	Serhan AKYILDIZ	Assistant General Manager Responsible for Corporate Banking	Bachelor	-
	Umut ÇAKMAK	Assistant General Manager Responsible for Finance and Human Values	Bachelor	-
	Ömer EMEÇ	Assistant General Manager Responsible for Strategy and Transformation	Doctorate	-
	Yasemin AYDIN	Assistant General Manager Responsible for Information Technologies and Digital Channels Development	Master	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Dr. Bekir PAKDEMİRLİ	Member of Audit Committee	Doctorate	-
	Dr. Mohamed Ali CHATTI	Member of Audit Committee	Doctorate	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022

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

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

The Parent Bank's paid in capital amounting to TL 2.500.000 consists of 2.500.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 1.084.167 of the paid in capital is owned by qualified shareholders who are listed below:

Name/Commercial Name	Share amount (nominal)	Share ratio ^(*)	Paid shares	Unpaid shares
Albaraka Group	1.084.167	43,37%	1.084.167	-

(*) Shares purchased from Stock Exchange is not included.

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

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

The Parent Bank classifies current and profit-sharing accounts separately from other accounts in accordance with their maturities. Profit sharing accounts are classified under six different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included), one year and more than one year (with monthly, quarterly, semi-annual and annual profit share payment) and accumulated participation accounts.

The Bank may determine the profit rate following operating the participation accounts or estimated rates for investment agencies. The rate of participation accounts' participation to the loss is one hundred percent.

The Parent Bank constitutes specific fund pools with minimum maturities of one month, to be allocated to individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are managed in accordance with their maturities and independently from other accounts and transfers from these accounts to any other maturity groups are not executed. Specific fund pools are liquidated at the end of the financing period.

In addition to its ordinary banking activities, the Parent Bank operates as an insurance agency on behalf of Bereket Sigorta, Anadolu Sigorta, Türkiye Sigorta, Neova Sigorta, Coface Sigorta, HDI Sigorta and HDI Katılım Sigorta as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Agesa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. and Oyak Yatırım Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services. Moreover, the Parent Bank is involved in providing non-cash loans that mainly comprise letters of guarantee, letters of credit and acceptances.

Transactions, which can be carried out by the Parent Bank, are not limited to the clauses listed above. If any activities other than those mentioned are considered as beneficial to the Parent Bank, the application must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities, which then needs to be approved by the Ministry of Trade since such applications, are amendments in nature to the Article of Association. The application is included in the Article of Association after all necessary approvals are obtained.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
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(Thousand of Turkish Lira (TL) unless otherwise stated)

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:

Albaraka Kültür Sanat ve Yayıncılık A.Ş., Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. and Insha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş. which are subsidiary investments of "Inovasyon Girişim Sermayesi Yatırım Fonu" and Natura Gıda Sanayi ve Ticaret A.Ş, which is an subsidiary investment of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, have not been consolidated since they are non-financial entities.

The Parent Bank consolidates Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha Gmbh the subsidiaries of the Bank, through equity method and full consolidation method, respectively. Real estate investment funds "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds: "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Girişim Sermayesi Yatırım Fonu" and Bereket One Ltd" and "Albaraka Sukuk Ltd", which are not subsidiaries of the Bank but over which the Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity".

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

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

SECTION TWO

The consolidated financial statements

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)****AS OF DECEMBER 31, 2022**

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

ASSETS	Notes (Section Five-I)	CURRENT PERIOD December 31, 2022			PRIOR PERIOD December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		10.536.939	37.196.823	47.733.762	4.739.239	35.729.467	40.468.706
1.1 Cash and Cash Equivalents	(1)	6.432.226	27.376.699	33.808.925	3.306.028	28.469.107	31.775.135
1.1.1 Cash and Balances with Central Bank		2.326.791	22.538.285	24.865.076	1.820.832	24.677.779	26.498.611
1.1.2 Banks		2.480.843	4.859.668	7.340.511	1.531.688	3.802.373	5.334.061
1.1.3 Money Market Placements		1.725.715	-	1.725.715	-	-	-
1.1.4 Expected Credit Losses (-)		101.123	21.254	122.377	46.492	11.045	57.537
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	3.240.020	8.433.506	11.673.526	963.086	6.889.642	7.852.728
1.2.1 Government Securities		3.005.016	8.381.142	11.386.158	707.698	6.850.649	7.558.347
1.2.2 Equity Securities		103.951	37.912	141.863	45.331	19.198	64.529
1.2.3 Other Financial Assets		131.053	14.452	145.505	210.057	19.795	229.852
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	850.542	1.386.618	2.237.160	381.640	370.718	752.358
1.3.1 Government Securities		650.796	603.298	1.254.094	373.973	353.699	727.672
1.3.2 Equity Securities		7.667	23.865	31.532	7.667	17.019	24.686
1.3.3 Other Financial Assets		192.079	759.455	951.534	-	-	-
1.4 Derivative Financial Assets	(5)	14.151	-	14.151	88.485	-	88.485
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		14.151	-	14.151	88.485	-	88.485
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		49.455.724	42.620.222	92.075.946	24.807.293	40.232.465	65.039.758
2.1 Loans	(6)	45.080.816	29.515.189	74.596.005	25.484.848	33.819.930	59.304.778
2.2 Lease Receivables	(7)	322.764	585.979	908.743	379.930	440.744	820.674
2.3 Financial Assets Measured at Amortised Cost	(4)	6.198.303	13.252.626	19.450.929	697.735	7.405.476	8.103.211
2.3.1 Government Securities		6.032.245	13.127.122	19.159.367	697.735	7.405.476	8.103.211
2.3.2 Other Financial Assets		166.058	125.504	291.562	-	-	-
2.4 Expected Credit Losses (-)	(6)	2.146.159	733.572	2.879.731	1.755.220	1.433.685	3.188.905
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	341.132	-	341.132	118.874	104	118.978
3.1 Asset Held for Resale		341.132	-	341.132	118.874	104	118.978
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	426.134	-	426.134	357.379	-	357.379
4.1 Associates (Net)		-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)		281.359	-	281.359	268.696	-	268.696
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		281.359	-	281.359	268.696	-	268.696
4.3 Joint Ventures (Net)		144.775	-	144.775	88.683	-	88.683
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		144.775	-	144.775	88.683	-	88.683
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(10)	2.707.146	27.233	2.734.379	1.485.146	24.834	1.509.980
VI. INTANGIBLE ASSETS (Net)	(11)	166.770	10.505	177.275	83.026	9.240	92.266
6.1 Goodwill		-	7.911	7.911	-	6.958	6.958
6.2 Others		166.770	2.594	169.364	83.026	2.282	85.308
VII. INVESTMENT PROPERTY (Net)	(12)	1.869.188	-	1.869.188	1.035.405	-	1.035.405
VIII. CURRENT TAX ASSET		62	-	62	2.737	-	2.737
IX. DEFERRED TAX ASSET	(13)	453.958	-	453.958	489.049	-	489.049
X. OTHER ASSETS	(14)	1.029.848	121.479	1.151.327	764.995	145.195	910.190
TOTAL ASSETS		66.986.901	79.976.262	146.963.163	33.883.143	76.141.305	110.024.448

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)****AS OF DECEMBER 31, 2022**

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

LIABILITIES	Notes (Section Five-II)	CURRENT PERIOD December 31, 2022			PRIOR PERIOD December 31, 2021		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	51.231.044	61.122.192	112.353.236	20.181.030	71.027.651	91.208.681
II. FUNDS BORROWED	(2)	19.284	3.471.519	3.490.803	53.707	2.090.828	2.144.535
III. BORROWINGS FROM MONEY MARKETS		-	7.817.681	7.817.681	1.327	-	1.327
IV. SECURITIES ISSUED (Net)	(3)	627.095	-	627.095	3.065.049	-	3.065.049
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(4)	12.819	1.660	14.479	180.485	6.769	187.254
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		12.819	1.660	14.479	180.485	6.769	187.254
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(5)	450.407	26.399	476.806	327.840	21.774	349.614
VIII. PROVISIONS	(6)	2.566.552	17.641	2.584.193	309.931	4.060	313.991
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		693.984	-	693.984	149.554	-	149.554
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		1.872.568	17.641	1.890.209	160.377	4.060	164.437
IX. CURRENT TAX LIABILITY	(7)	709.606	32.539	742.145	106.980	19.825	126.805
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS	(9)	-	4.694.238	4.694.238	-	3.119.354	3.119.354
12.1 Loans		-	4.694.238	4.694.238	-	3.119.354	3.119.354
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(10)	3.049.602	1.765.097	4.814.699	2.143.338	665.320	2.808.658
XIV. SHAREHOLDERS' EQUITY	(11)	9.319.246	28.542	9.347.788	6.692.420	6.760	6.699.180
14.1 Paid-In Capital		2.500.000	-	2.500.000	1.350.000	-	1.350.000
14.2 Capital Reserves		1.608.402	-	1.608.402	1.208.524	-	1.208.524
14.2.1 Share Premium		23.278	-	23.278	14.855	-	14.855
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		1.585.124	-	1.585.124	1.193.669	-	1.193.669
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		841.487	-	841.487	388.024	-	388.024
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		692.719	28.542	721.261	314.936	6.760	321.696
14.5 Profit Reserves		1.839.959	-	1.839.959	1.745.919	-	1.745.919
14.5.1 Legal Reserves		152.093	-	152.093	145.290	-	145.290
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.683.926	-	1.683.926	1.600.540	-	1.600.540
14.5.4 Other Profit Reserves		3.940	-	3.940	89	-	89
14.6 Profit or Loss		1.059.352	-	1.059.352	(258.893)	-	(258.893)
14.6.1 Prior Years Profit/(Loss)		(639.809)	-	(639.809)	(591.729)	-	(591.729)
14.6.2 Current Year Profit/(Loss)		1.699.161	-	1.699.161	332.836	-	332.836
14.7 Minority Shares		777.327	-	777.327	1.943.910	-	1.943.910
TOTAL LIABILITIES		67.985.655	78.977.508	146.963.163	33.062.107	76.962.341	110.024.448

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF- BALANCE SHEET
AS OF DECEMBER 31, 2022

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

STATEMENT OF OFF-BALANCE SHEET		Notes (Section Five-III)	CURRENT PERIOD December 31, 2022			PRIOR PERIOD December 31, 2021		
			TL	FC	Total	TL	FC	Total
A.	OFF BALANCE SHEET COMMITMENTS (I+II+III)		16.770.259	13.216.005	29.986.264	11.428.440	16.308.916	27.737.356
I.	GUARANTEES AND SURETIES	(1)	11.430.631	9.692.379	21.123.010	7.080.257	10.323.043	17.403.300
1.1.	Letters of Guarantees		11.302.364	6.147.271	17.449.635	7.048.318	5.322.918	12.371.236
1.1.1.	Guarantees Subject to State Tender Law		1.704.625	223.781	1.928.406	1.098.043	134.460	1.232.503
1.1.2.	Guarantees Given for Foreign Trade Operations		165	2.104.485	2.104.650	15	1.905.653	1.905.668
1.1.3.	Other Letters of Guarantee		9.597.574	3.819.005	13.416.579	5.950.260	3.282.805	9.233.065
1.2.	Bank Loans		-	70.414	70.414	-	99.278	99.278
1.2.1.	Import Letter of Acceptances		-	70.414	70.414	-	99.278	99.278
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letter of Credits		11.385	3.456.459	3.467.844	12.324	4.886.075	4.898.399
1.3.1.	Documentary Letter of Credits		-	-	-	-	-	-
1.3.2.	Other Letter of Credits		11.385	3.456.459	3.467.844	12.324	4.886.075	4.898.399
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Türkiye		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		-	18.235	18.235	-	14.772	14.772
1.7.	Other Collaterals		116.882	-	116.882	19.615	-	19.615
II.	COMMITMENTS	(1)	3.744.209	561.809	4.306.018	2.929.406	606.006	3.535.412
2.1.	Irrevocable Commitments		3.690.709	561.809	4.252.518	2.889.906	606.006	3.495.912
2.1.1.	Asset Purchase and Sale Commitments		19.940	561.809	581.749	321.618	606.006	927.624
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3.	Loan Granting Commitments		618.854	-	618.854	655.296	-	655.296
2.1.4.	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6.	Payment Commitment for Cheques		1.109.464	-	1.109.464	834.732	-	834.732
2.1.7.	Tax And Fund Liabilities from Export Commitments		30.942	-	30.942	17.234	-	17.234
2.1.8.	Commitments for Credit Card Expenditure Limits		1.910.259	-	1.910.259	1.059.919	-	1.059.919
2.1.9.	Commitments for Promotions Related with Credit Cards and Banking Activities		687	-	687	555	-	555
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		563	-	563	552	-	552
2.2.	Revocable Commitments		53.500	-	53.500	39.500	-	39.500

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF- BALANCE SHEET
AS OF DECEMBER 31, 2022

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

STATEMENT OF OFF-BALANCE SHEET		Notes (Section Five-III)	CURRENT PERIOD December 31, 2022			PRIOR PERIOD December 31, 2021		
			TL	FC	Total	TL	FC	Total
2.2.1.	Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		53.500	-	53.500	39.500	-	39.500
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.595.419	2.961.817	4.557.236	1.418.777	5.379.867	6.798.644
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		1.595.419	2.961.817	4.557.236	1.418.777	5.379.867	6.798.644
3.2.1	Forward Foreign Currency Buy/Sell Transactions		525.019	705.963	1.230.982	461.810	489.238	951.048
3.2.1.1	Forward Foreign Currency Transactions-Buy		307.298	310.779	618.077	239.837	242.194	482.031
3.2.1.2	Forward Foreign Currency Transactions-Sell		217.721	395.184	612.905	221.973	247.044	469.017
3.2.2.	Other Forward Buy/Sell Transactions		1.070.400	2.255.854	3.326.254	956.967	4.890.629	5.847.596
3.3.	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		195.850.209	76.219.165	272.069.374	104.483.970	48.433.026	152.916.996
IV.	ITEMS HELD IN CUSTODY		8.003.258	25.965.959	33.969.217	5.856.026	12.698.331	18.554.357
4.1.	Assets Under Management		1.337.798	-	1.337.798	2.448.761	-	2.448.761
4.2.	Investment Securities Held in Custody		19.853	274.662	294.515	17.473	548.751	566.224
4.3.	Cheques Received for Collection		4.909.013	357.854	5.266.867	2.325.217	700.121	3.025.338
4.4.	Commercial Notes Received for Collection		1.491.411	268.677	1.760.088	811.654	164.241	975.895
4.5.	Other Assets Received for Collection		103	-	103	103	-	103
4.6.	Assets Received for Public Offering		-	-	-	-	-	-
4.7.	Other Items Under Custody		211.126	9.509.633	9.720.759	219.693	1.043.531	1.263.224
4.8.	Custodians		33.954	15.555.133	15.589.087	33.125	10.241.687	10.274.812
V.	PLEDGED ITEMS		187.846.951	50.253.206	238.100.157	98.627.944	35.734.695	134.362.639
5.1.	Marketable Securities		19.153.683	10.676.095	29.829.778	10.587.982	8.001.966	18.589.948
5.2.	Guarantee Notes		4.325.462	184.003	4.509.465	2.043.190	506.747	2.549.937
5.3.	Commodity		26.851.614	4.243.573	31.095.187	11.752.302	3.695.799	15.448.101
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		122.373.633	31.168.237	153.541.870	67.505.021	18.800.660	86.305.681
5.6.	Other Pledged Items		14.892.518	3.971.600	18.864.118	6.458.745	4.715.730	11.174.475
5.7.	Pledged Items-Depository		250.041	9.698	259.739	280.704	13.793	294.497
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			212.620.468	89.435.170	302.055.638	115.912.410	64.741.942	180.654.352

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



ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF DECEMBER 31, 2022

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

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	CURRENT PERIOD January 1 - December 31, 2022	PRIOR PERIOD January 1 - December 31, 2021
I.	PROFIT SHARE INCOME	(1)	11.019.091	5.035.088
1.1	Profit Share on Loans		8.302.171	4.175.857
1.2	Income Received from Reserve Deposits		47.503	134.657
1.3	Income Received from Banks		172	373
1.4	Income Received from Money Market Placements		6.327	-
1.5	Income Received from Marketable Securities Portfolio		2.571.893	684.496
1.5.1	Financial Assets at Fair Value Through Profit and Loss		1.119.491	282.095
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		265.473	99.891
1.5.3	Financial Assets Measured at Amortised Cost		1.186.929	302.510
1.6	Finance Lease Income		87.878	38.313
1.7	Other Profit Share Income		3.147	1.392
II.	PROFIT SHARE EXPENSE	(2)	5.610.008	3.160.184
2.1	Expense on Profit Sharing Accounts		4.510.948	1.881.683
2.2	Profit Share Expense on Funds Borrowed		498.965	319.316
2.3	Profit Share Expense on Money Market Borrowings		32.061	80.024
2.4	Profit Share Expense on Securities Issued		430.037	785.170
2.5	Finance Lease Expense		66.377	51.346
2.6	Other Profit Share Expense		71.620	42.645
III.	NET PROFIT SHARE INCOME (I - II)		5.409.083	1.874.904
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		644.548	405.756
4.1	Fees and Commissions Received		1.034.668	582.163
4.1.1	Non-Cash Loans		250.955	165.689
4.1.2	Other	(3)	783.713	416.474
4.2	Fees and Commissions Paid (-)		390.120	176.407
4.2.1	Non-Cash Loans		657	490
4.2.2	Other	(3)	389.463	175.917
V.	DIVIDEND INCOME	(4)	1.553	768
VI.	TRADING INCOME/LOSS(net)	(5)	2.875.326	280.954
6.1	Capital Market Transaction Income/(Loss)		1.866.218	70.578
6.2	Profit/(Loss) from Derivative Financial Instruments		92.726	(229.474)
6.3	Foreign Exchange Income/(Loss)		916.382	439.850
VII.	OTHER OPERATING INCOME	(6)	2.199.613	1.727.489
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		11.130.123	4.289.871
IX.	EXPECTED CREDIT LOSS (-)	(7)	3.950.152	1.711.343
X.	OTHER PROVISION EXPENSES (-)	(7)	2.067.986	123.926
XI.	PERSONNEL EXPENSES (-)		1.190.634	820.560
XII.	OTHER OPERATING EXPENSES (-)	(8)	1.163.209	735.271
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		2.758.142	898.771
XIV.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XV.	PROFIT/(LOSS) ON EQUITY METHOD		57.508	31.027
XVI.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(9)	2.815.650	929.798
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	960.085	(12.663)
18.1	Provision for Current Taxes		615.543	28.912
18.2	Deferred Tax Expense Effect (+)		1.476.179	646.524
18.3	Deferred Tax Income Effect (-)		1.131.637	688.099
XIX.	NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(11)	1.855.565	942.461
XX.	INCOME FROM DISCONTINUED OPERATIONS	(11)	-	-
20.1	Income from Assets Held For Sale		-	-
20.2	Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Loss from Assets Held for Sale		-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
21.3	Loss from Other Discontinued Operations		-	-
XXII.	PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Provision for Current Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	(12)	1.855.565	942.461
25.1	Group's Income/Loss		1.699.161	332.836
25.2	Minority Shares Profit/Loss (-)		156.404	609.625
	Earnings Per Share		0,83940	0,24655

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS OF DECEMBER 31, 2022

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		CURRENT PERIOD January 1- December 31, 2022	PRIOR PERIOD January 1- December 31, 2021
I.	CURRENT PERIOD PROFIT/LOSS	1.855.565	942.461
II.	OTHER COMPREHENSIVE INCOME	853.028	357.237
2.1	Other Income/Expense Items not to be Recycled to Profit or Loss	453.463	133.979
2.1.1	Revaluation Surplus on Tangible Assets	715.529	185.972
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(186.911)	(12.834)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	(16.222)	(7.644)
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(58.933)	(31.515)
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	399.565	223.258
2.2.1	Translation Differences	226.845	207.083
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	230.948	20.023
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	(58.228)	(3.848)
III.	TOTAL COMPREHENSIVE INCOME (I+II)	2.708.593	1.299.698

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2022**

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

						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									
		Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves ⁽¹⁾	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/ Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY CURRENT PERIOD (January 1 - December 31, 2022)																		
I.	Closing balance	(V)	1.350.000	14.855	-	1.193.669	444.616	(56.592)	-	303.295	18.401	-	1.745.919	(591.729)	332.836	4.755.270	1.943.910	6.699.180
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balances at Beginning Of Period (I+II)		1.350.000	14.855	-	1.193.669	444.616	(56.592)	-	303.295	18.401	-	1.745.919	(591.729)	332.836	4.755.270	1.943.910	6.699.180
IV.	Total Comprehensive Income		-	-	-	-	590.110	(136.647)	-	226.845	172.720	-	-	-	1.699.161	2.552.189	156.404	2.708.593
V.	Capital Increase in Cash		1.150.000	8.423	-	-	-	-	-	-	-	-	-	-	-	1.158.423	-	1.158.423
VI.	Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Others Changes		-	-	-	391.455	-	-	-	-	-	-	9.614	(296.490) ^(**)	-	104.579	(1.322.987)	(1.218.408)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	84.426	248.410	(332.836)	-	-	-
11.1.	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2.	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	84.426	(84.426)	-	-	-	-
11.3.	Others		-	-	-	-	-	-	-	-	-	-	-	332.836	(332.836)	-	-	-
Balances at end of the period (III+IV...+X+XI)			2.500.000	23.278	-	1.585.124	1.034.726	(193.239)	-	530.140	191.121	-	1.839.959	(639.809)	1.699.161	8.570.461	777.327	9.347.788

^(*) The Parent Bank has recognized undated additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves" as per TAS 32: "Financial Instruments: Presentation" standard.^(*) The Parent Bank has paid TL 323.616 in February and August 2022, the coupon payment amount of undated additional tier 1 capital Sukuk and has recognized it under "prior periods' profit/loss". TL 91.167, the deferred tax expense related to the payment has been recognized under "prior periods' profit/loss" as well.

- Tangible and Intangible Assets Revaluation Reserve,
- Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
- 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)
- Exchange Differences on Translation,
- Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
- 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 financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2022**

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

						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												
												Current Period's Net Profit/ Loss		Total Equity Before Minority Shares		Minority Shares		Total Shareholders' Equity			
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves ^(*)	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss			
PRIOR PERIOD (January 1 - December 31, 2021)																					
I.	Closing balance	(V)	1.350.000	14.855	-	945.711	300.370	(46.325)	-	96.212	2.226	-	1.494.079	(329.432)	302.304	4.130.000	218.936			4.348.936	
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Balances at Beginning Of Period (I+II)		1.350.000	14.855	-	945.711	300.370	(46.325)	-	96.212	2.226	-	1.494.079	(329.432)	302.304	4.130.000	218.936			4.348.936	
IV.	Total Comprehensive Income		-	-	-	-	144.246	(10.267)	-	207.083	16.175	-	-	-	332.836	690.073	609.625			1.299.698	
V.	Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Others Changes		-	-	-	247.958	-	-	-	-	-	-	7.914	(320.675) ^(*)	-	(64.803)	1.115.349			1.050.546	
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	243.926	58.378	(302.304)	-	-	-	-	-	
11.1.	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2.	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	243.926	(243.926)	-	-	-	-	-	-	
11.3.	Others		-	-	-	-	-	-	-	-	-	-	-	302.304	(302.304)	-	-	-	-	-	
Balances at end of the period (III+IV...+X+XI)			1.350.000	14.855	-	1.193.669	444.616	(56.592)	-	303.295	18.401	-	1.745.919	(591.729)	332.836	4.755.270	1.943.910			6.699.180	

^(*) The Parent Bank has recognized undated additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves" as per TAS 32: "Financial Instruments: Presentation" standard.^(*) The Parent Bank has paid TL 158.013 in February and August 2021, the coupon payment amount of undated additional tier 1 capital Sukuk and has recognized it under "prior periods' profit/loss". TL 50.458, the deferred tax expense related to the payment has been recognized under "prior periods' profit/loss" as well.

- Tangible and Intangible Assets Revaluation Reserve,
- Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
- 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)
- Exchange Differences on Translation,
- Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
- 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 financial statements.



ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2022

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

STATEMENT OF CASH FLOWS		Notes (Section Five-VI)	CURRENT PERIOD January 1- December 31, 2022	PRIOR PERIOD January 1- December 31, 2021
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes In Operating Assets And Liabilities		2.383.976	2.412.893
1.1.1	Profit Share Income Received		9.062.601	5.006.365
1.1.2	Profit Share Expense Paid		(4.728.973)	(3.090.234)
1.1.3	Dividend Received		1.553	-
1.1.4	Fees and Commissions Received		772.937	405.471
1.1.5	Other Income		1.790.598	1.294.247
1.1.6	Collections from Previously Written Off Loans	(V-I-6,h2)	1.374.234	463.030
1.1.7	Payments to Personnel and Service Suppliers		(1.614.515)	(1.015.263)
1.1.8	Taxes Paid		(134.925)	(83.109)
1.1.9	Others	(V-VI-3)	(4.139.534)	(567.614)
1.2	Changes In Operating Assets And Liabilities		1.526.755	7.667.276
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(2.286.958)	(3.741.005)
1.2.2	Net (Increase) Decrease in Due From Banks and Other Financial Institutions		73.061	(6.646.458)
1.2.3	Net (Increase) Decrease in Loans		(8.534.364)	(7.775.635)
1.2.4	Net (Increase) Decrease in Other Assets		(2.455.753)	(47.466)
1.2.5	Net Increase (Decrease) in Bank Deposits		(705.028)	773.699
1.2.6	Net Increase (Decrease) in Other Deposits		15.162.226	23.929.606
1.2.7	Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed		-	-
1.2.9	Net Increase (Decrease) in Matured Payables		-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	(V-VI-3)	273.571	1.174.535
I.	Net Cash Flow From Banking Operations		3.910.731	10.080.169
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash flow from investing activities		(8.877.350)	(1.144.995)
2.1	Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(25.630)	(26.709)
2.2	Cash Obtained From Disposal of Investments, Associates and Subsidiaries			
2.3	Purchases of Property and Equipment		(803.700)	(164.925)
2.4	Disposals of Property and Equipment		344.280	836.234
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.714.082)	(25.970)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		690.116	487.855
2.7	Purchase of Financial Assets Measured at Amortised Cost	(V-I-4)	(9.810.181)	(3.762.132)
2.8	Sale of Financial Assets Measured at Amortised Cost	(V-I-4)	2.441.847	1.510.652
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Flow From Financing Activities		3.433.016	(6.188.719)
3.1	Cash Obtained from Funds Borrowed and Securities Issued		36.852.685	31.900.998
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(34.135.603)	(37.846.285)
3.3	Issued Capital Instruments		1.158.423	-
3.4	Dividends Paid		-	-
3.5	Payments for Leases		(118.873)	(85.419)
3.6	Other		(323.616)	(158.013)
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	1.109.975	3.140.669
V.	Net (Decrease) Increase in Cash and Cash Equivalents		(423.628)	5.887.124
VI.	Cash and Cash Equivalents at the Beginning of the Period	(V-VI-a)	13.944.196	8.057.072
VII.	Cash and Cash Equivalents at the End of the Period	(V-VI-b)	13.520.568	13.944.196

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION
AS OF DECEMBER 31, 2022

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

STATEMENT OF PROFIT APPROPRIATION		CURRENT PERIOD December 31, 2022	PRIOR PERIOD December 31, 2021
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1. CURRENT YEAR INCOME		2.315.241	81.442
1.2. TAXES AND DUTIES PAYABLE (-)		949.745	(22.961)
1.2.1. Corporate tax (Income tax)		605.203	18.614
1.2.2. Income withholding tax		-	-
1.2.3. Other taxes and legal liabilities ^(*)		344.542	(41.575)
A. NET INCOME FOR THE YEAR (1.1-1.2)		1.365.496	104.403
1.3. PRIOR YEAR LOSSES (-)		-	-
1.4. FIRST LEGAL RESERVES (-)		-	5.220
1.5. OTHER STATUTORY RESERVES (-)		-	25.411
B. DISTRIBUTABLE NET PERIOD INCOME [(A-(1.3+1.4+1.5))] ^(**)		1.365.496	73.772
1.6. FIRST DIVIDEND TO SHAREHOLDERS (-)		-	-
1.6.1. To owners of ordinary shares		-	-
1.6.2. To owners of preferred shares		-	-
1.6.3. To owners of preferred shares (Preemptive rights)		-	-
1.6.4. To Profit sharing bonds		-	-
1.6.5. To owners of the profit/loss sharing certificates		-	-
1.7. DIVIDEND TO PERSONNEL (-)		-	-
1.8. DIVIDEND TO BOARD OF DIRECTORS (-)		-	-
1.9. SECOND DIVIDEND TO SHAREHOLDERS (-)		-	-
1.9.1. To owners of ordinary shares		-	-
1.9.2. To owners of preferred shares		-	-
1.9.3. To owners of preferred shares (Preemptive rights)		-	-
1.9.4. To profit sharing bonds		-	-
1.9.5. To owners of the profit/loss sharing Certificates		-	-
1.10. SECOND LEGAL RESERVE (-)		-	-
1.11. STATUS RESERVES (-)		-	-
1.12. EXTRAORDINARY RESERVES		-	73.772
1.13. OTHER RESERVES		-	-
1.14. SPECIAL FUNDS		-	-
II. DISTRIBUTION FROM RESERVES			
2.1. DISTRIBUTED RESERVES		-	-
2.2. SECOND LEGAL RESERVES (-)		-	-
2.3. SHARE TO SHAREHOLDERS (-)		-	-
2.3.1. To owners of ordinary shares		-	-
2.3.2. To owners of preferred shares		-	-
2.3.3. To owners of preferred shares (Preemptive rights)		-	-
2.3.4. To profit sharing bonds		-	-
2.3.5. To owners of the profit/loss sharing certificates		-	-
2.4. SHARE TO PERSONNEL (-)		-	-
2.5. SHARE TO BOARD OF DIRECTORS (-)		-	-
III. EARNINGS PER SHARE			
3.1. TO OWNERS OF ORDINARY SHARES ^(***) (FULL TL)		0,546	0,077
3.2. TO OWNERS OF ORDINARY SHARES (%)		54,61	7,73
3.3. TO OWNERS OF PREFERRED SHARES		-	-
3.4. TO OWNERS OF PREFERRED SHARES (%)		-	-
IV. DIVIDEND PER SHARE			
4.1. TO OWNERS OF ORDINARY SHARES (FULL TL)		-	-
4.2. TO OWNERS OF ORDINARY SHARES (%)		-	-
4.3. TO OWNERS OF PREFERRED SHARES		-	-
4.4. TO OWNERS OF PREFERRED SHARES (%)		-	-

(*) Deferred tax income is presented in "other taxes and legal liabilities" line. Deferred tax income is not subject to profit appropriation; thus it is classified under extraordinary reserves.

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

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

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

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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 Parent Bank prepares its financial statements in accordance with the Banking Regulation and Supervision Authority ("BRSA") Accounting and Reporting Regulation which includes the regulation on "Regulation on Accounting Applications for Banks and Safeguarding of 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 Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated June 28, 2012, and amendments to this Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

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

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of the financial statements, no new announcement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies in the financial statements dated December 31, 2022.

b) Additional paragraph for convenience translation:

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

c) Accounting policies and valuation principles applied in the preparation of consolidated financial statements:

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TFRS. As of December 31, 2022, ownership investment accounted using equity method is Katılım Emeklilik ve Hayat A.Ş. The subsidiaries, real estate funds, venture capital investment funds accounted using full consolidation method are Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha Gmbh, Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu and Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Girişim Sermayesi Yatırım Fonu respectively.

The preparation of the consolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Group's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, deferred tax assets and liabilities provisions for the lawsuits, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes. Accounting policies and evaluation principles in preparing Financial statements are determined and applied as per the principles stated in "BRSA Accounting and Financial Reporting Legislation" and consistent with the accounting policies

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applied for December 31, 2021 financial statements.

The tension between Russia and Ukraine since the beginning of 2022 has turned into a crisis and continues as of the date of the report. The Parent Bank does not operate in either country, and the crisis is not expected to have a direct impact on the Parent Bank's operations. The developments are followed and their estimated effects are evaluated within the scope of the relevant accounting standards and reflected in the financial statements.

d) 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 December 31, 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.

e) Comparative information and classifications:

The changes in accounting policies are applied retrospectively and previous period financial statements are restated. The Financial statemements of the Parent bank are prepared comparative to the previous term in order to determine its financial position and performans trends. If appropriate, the comparative information are restated in order to provide comparativeness to the statements of current period financial statements.

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

The Group creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit-sharing accounts. Other than current and profit-sharing accounts, the Parent Bank's most important funding sources are its equity and borrowings from foreign financial institutions. The Parent Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

The Parent Bank's transactions in foreign currencies are accounted in accordance with the TAS 21 "Accounting Standard on the Effect of Changes in Foreign Currency Rates", and converted with the exchange rate ruling at the transaction date into Turkish Lira. Foreign currency assets and liabilities have been translated into Turkish Lira at the rate of exchange rates ruling at the balance sheet date announced by the Parent Bank. 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.

If the loans recognized in the foreign currency accounts are switched to non-performing, they are continued to be recognized in the foreign currency accounts and evaluated with the current exchange rates.

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

The balance sheet items of the foreign branches and foreign subsidiary of the Parent Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Parent Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold and silver) accounted under assets and liabilities, which do not have fixed maturity, are translated into Turkish lira by using the buying rate at the balance sheet date announced by the Parent Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Group.

III. Information on consolidated associates:

Consolidated financial statements are prepared in accordance with the decrees, notes and explanations set forth in Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006, numbered 26340 and "Turkish Accounting Standard for Consolidated Financial Statements" ("TFRS 10").

a) Consolidation principles on joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is private pension and insurance and operates according to special legislation with permission and license and is established in Türkiye. The related joint venture has been consolidated through equity method. Where necessary, accounting policies of the joint venture have been harmonized to ensure consistency with the policies adopted by the Parent Bank.

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Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in a joint venture from the changes in the participated joint venture's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the joint venture amount.

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Katılım Emeklilik ve Hayat A.Ş.	Istanbul/Türkiye	Private pension and insurance	50,00	50,00

b) Consolidation principles on subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method considering materiality principle, taking account the operation results, size of asset and shareholders' equity. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

Control is accepted as when Parent Bank has power over its investee, or exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, and income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Parent Bank.

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

Title	Operation Center (City/Country)	Main Activities	Effective PartnershipRates (%)	Direct and Indirect Partnership Rates (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Türkiye	Sukuk Issue	100,00	100,00
Değer Varlık Kiralama A.Ş.	Istanbul/Türkiye	Sukuk Issue	100,00	100,00
Albaraka Portföy Yönetimi A.Ş.	Istanbul/Türkiye	Investment Fund Foundation and Management	100,00	100,00
Insha Gmbh	Berlin/Germany	Providing digital participation banking services with the banking license of Solarisbank AG in Germany, collecting funds with this license through mudaraba method and evaluating the funds in accordance with the principles of interest-free finance and contract signed.	100,00	100,00

c) Consolidation principles on investment funds:

The investment funds, founded by the Parent Bank's subsidiary "Albaraka Portföy Yönetimi A.Ş." over which the Group has control as per procedures and principles stated in TFRS 10 "Turkish Financial Reporting Standards on consolidated Financial Statements", are accounted as per full consolidation method. For investment funds over which the Parent Bank does not have full control, minority shares are calculated seperately under income statement and shareholders' equity. The information on the funds is represented as follows:

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Title	Operation Center (City/Country)	Main Activities	Parent Bank's Effective Percentage of Shares (%)	Group's Direct and Indirect Effective Percentage of Shares (%)
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Istanbul/Türkiye	Buy real estate and rights based on real estates, rent, lease and sell	97,12	97,12
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Istanbul/Türkiye	Buy real estate and rights based on real estates, rent, lease and sell	28,89	75,38
Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu ^(*)	Istanbul/Türkiye	Buy real estate and rights based on real estates, rent, lease and sell	0,00	100,00
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Istanbul/Türkiye	To invest in company shares that can be financially and institutionally structured and developed, and to terminate the investment in the development or further stages of the company through methods such as sales, merger, and public offering.	13,28	14,43
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Istanbul/Türkiye	To invest in the initial stages of technology and innovation companies that provide products or services to Fintech venture companies or financial companies or to terminate the investment in the advanced stages by methods such as sale, merger and public offering.	81,89	81,89
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu	Istanbul/Türkiye	To invest in the initial stages or growth stages of new generation start-up companies or to be founder of them, to terminate the investment in the development or further stages of the company through methods such as sales, merger, and public offering.	1,63	1,63
Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu	Istanbul/Türkiye	To incorporate innovative fintech projects inside the Parent Bank as co-founder or make the fintech projects more flexible and active in present companies by becoming their partner, to invest these companies' shares and terminate the investment in the development or advanced phase by sale, merger, public offer.	66,92	84,22
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Girişim Sermayesi Yatırım Fonu	Istanbul/Türkiye	The main investment strategy of the fund is to invest in lease certificates, of which venture companies whose shares are not traded on the stock exchange are the fund users, provided that they comply with the principles of participation financing. In this context, at least 80% of the total value of the fund consists of lease certificates (sukuk), which are in the nature of venture capital investment.	1,83	90,41

^(*) Relevant fund is controlled by the funds which are consolidated and controlled by the Parent Bank. Therefore, The Parent Bank has indirect control over this fund.

d) Presentation of consolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in consolidated associates and subsidiaries are accounted at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Individual Financial Statements ("TAS 27")" in the consolidated financial statements.

In the consolidated financial statements, credit institutions, which are not included in consolidation, or subsidiaries, which are not financial institutions, are accounted at cost value, less any impairment in the consolidated financial statements.

If the cost amount exceeds the recoverable amount (the higher of an asset's fair value less costs of disposal and its value in use) the value of the related associates and subsidiaries is equal to the recoverable amount.

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

The derivative financial instruments of the Group generally consist of forward foreign currency, forward security and swap agreements. Derivative transactions portfolio may change as per market conditions in related terms. The Group records the spot foreign currency transactions in asset purchase and sale commitments.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values. Derivative transactions are initially recorded at their fair values. In the periods following the recognizing of derivative transactions, depending on whether the fair value is positive or negative, the portion which is reflected to Income Statement for derivative assets and derivative liabilities are represented in Balance Sheet. Differences in fair values as a result of the valuation are recognized in trading income/loss line in the Income Statement as profit (loss) from derivative financial instruments and foreign exchange income (loss)

V. Explanations on profit share income and expenses:

Profit share income

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

Profit-loss Investment projects are recognized under the “Loans” account in the balance sheet. Profit and loss investment projects are subject to valuation periodically every year and positive differences related to valuation are represented under “Profit Share on Loans”.

The Parent Bank has begun to calculate accrual for non-performing loans as of January 1, 2018. Net book value of non-performing receivables (Gross Book Value- Expected Loss Provision) is accounted at the gross book value of accruals with effective profit share rate.

Profit share expense

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

VI. 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.

The commissions and fees other than those, whose amortised costs are integral part of their effective profit rate, are accounted for in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

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

In the correspondence of BRSA dated June 8, 2012 and numbered B.02.1.BDK.0.13.00.0-91.11-12061, it has been stated that there is no objection to recording the commissions received from long term non-cash loans collected in quarterly periods or periods less than a quarter directly as income. Consequently, the Parent Bank records the related cash and non-cash loans commissions directly as income.

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VII. Explanations on financial assets:

Financial assets are recognized or derecognized according to TFRS 9 section three:“Recognition and Derecognition”. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than “Financial Assets at Fair Value Through Profit or Loss”, transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Parent Bank, if the Parent Bank is a legal party to these instruments.

On which category financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Assessment of business model:

As per TFRS 9, the Parent Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Parent Bank's business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not a classification approach on the basis of a financial instrument but an evaluation by combining financial assets.

The Parent Bank's business models are divided into three categories. These categories are defined below:

a) The Business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets of The Parent Bank in order to collect contractual cash flows over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the cash flow test that includes profit share payments arising only from principal and principal amount at specific dates.

b) The Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Parent Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value changes of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the cash flows test that includes profit share payments arising only from principal and principal amount at specific dates.

c) Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Contractual cash flows that contains solely payments of principal and profit share:

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling 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. The Parent Bank recognizes profit and loss investments under “loans” as per BRSA uniform chart of accounts and measures them at fair value considering TFRS 9 provisions. The fair value measurements of profit and loss investments are based on the valuation reports prepared by the valuation experts.

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In evaluting profit share investment projects various assumptions and estimations have been used. Work projects, discount rates and fair value parameters may fluctuate and sensitive to economical conjuncture, sectoral position and other market conditions.

Sukuk (lease certificates) which are represented under Financial Assets Measured at Fair Value through Profit/Loss are evaluated with the weighted average clearing prices in Istanbul Stock Exchange and which are not quoted in Istanbul Stock Exchange evaluated with their prices determined in Central Bank of Türkiye.

As per the correspondence by BRSA numbered E-43890421-101.02.02-7182, the accounting of outright repurchase and sales of investment funds under Financial Assets Measured at Fair Value through Profit/Loss are approved Parent Bank's Advisory Committee in accordance with its decisions on condition that there is no agreement and/or condition with the customer regarding repurchase/resale and there is not even a custom that there is an obligation to repurchase/resale. Profits or losses arising from buying and selling are accounted in Capital Market Transaction Income/(Loss) under Trading income/loss.

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.

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. Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive

income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the value corresponding to the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income or Expense to be Reclassified Through Profit or Loss" under shareholders' equity. 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.The valuation differences of the mentioned securities are accounted under the "Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss" in shareholders' equity

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 income statement.

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".

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The Parent Bank's all loans including profit and loss investments are recorded under the "Measured at Amortized Cost" account. As per BRSA uniform chart of accounts, the Parent Bank recognizes profit and loss investments under "loans" and considering TFRS 9 provisions, measures them at fair value.

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.

The Parent Bank periodically evaluates the provisions allocated for loans and other receivables as per TFRS 9 retrospectively and as a result of those evaluations, if appropriate, updates the classification rules and parameters on allocation of provisions.

VIII. Explanations on expected credit losses:

The Parent Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income. As of January 1, 2018, the Parent Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of January 1, 2018, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

The provisions written back are credited to "provision expenses", and if such write backs are arising from previous year they are accounted under "other operating income". The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and finance lease receivables) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

As stated in the note of significant estimates and assumptions in preparing financial statements, The Parent Bank has reflected the estimations and judgments used in the calculation of credit losses as of December 31, 2022, using the best estimation method with the maximum effort principle.

- In provisioning parameters, base scenario rate has been updated as 80% negative condition scenario rate has been updated as 20% and positive condition scenario has been revoked.
- In order to calculate the impact of macroeconomical factors to lifetime expected credit losses, the model has been set by using approximately 10 years of data from first quarter of 2010 to third quarter of 2020. In this model NPL rates of the banks operating in the same sector has been used and supportive data from previous terms have been received. As a result of model update works, the parameters of unemployment and consumer price index have been found meaningful.

Under this context, the approach used through 2022 has been maintained and will be reviewed in the coming reporting periods by considering the changes in credit portfolio and expectations related to the future.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

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Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. Credit risk parameters used in the calculations are as follows:

Parameters used when calculating expected credit losses:

Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the Parent Bank uses two different PDs in order to calculate expected credit losses:

- 12-Months PD: As the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: As the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD):

If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

Exposure at Default (EAD):

For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion rate corresponds to the factor which adjust the potential increase of the exposure between the current date and the default date.

Financial Assets are divided into the following three categories depending on observable increases in their credit risks:

12 Month Expected Credit Losses (Stage 1):

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition and the delay days do not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan. The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

Significant Increase in Credit Risk (Stage 2):

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

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

- Loans with a delay over 30 days but not exceed 90 days
- The data obtained from the early warning system and the evaluation that the Parent Bank will make in this case
- The Parent Bank management's conclusion that there is significant increase in credit risk. At this point the Parent Bank compares probability of default of the loan in its origination with current status.
- Loans for which the repayment amount is fully collateralized and the collateral falls below the net realizable value.

Default (Stage 3/Specific Provision):

If the following conditions exist in accordance with the Parent Bank's internal procedures, the related financial asset is evaluated as default:

- Loans past 90 days from the last installment date
- Loans restructured and classified as performing recievables and restructured in the 1-year monitoring period at least once again and & or loans whose principal/profit payment is 30 days overdue.

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The collective assessment of financial instruments is performed by building on homogeneous group assets arising from portfolio segmentation based on similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods associated with the expected loss calculation approach for each stage on a common basis.

Loans whose cash flows differ or have different characteristics from other loans can be evaluated individually instead of collectively. Expected credit loss can be defined as the difference between all contractual cash flows due as per the whole contract and cash flows expected to be collected that have been discounted with the original effective profit ratio. When measuring expected credit losses, the Bank shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. The Bank makes such assessment by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

The following situations are taken into account when estimating cash flows.

- The conditions of the contract during the expected life of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

Behavioral Maturity Calculation Methodology

Expected loss provision is calculated until end of the maturity for stage one loans whose remaining maturity is less than one year and calculated yearly for stage one loans whose remaining maturity is more than one year. For second group loans, it is calculated lifelong (until the end of maturity). In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, for products without real maturity information, behavioral maturity is calculated by analyzing historical data. Expected loss provision calculations are made over these maturities, depending on the type of loan.

Write-Off Policy

Within the framework of the provisions of the " Regulation Amending the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be set aside for them" published in the Official Gazette dated July 6, 2021 and numbered 31533, the portion of the loans that are classified under "Fifth Group-Loans with a Loss Qualification" and for which a lifetime expected loan loss provision or special provision is made due to the default of the borrower, for which there are no reasonable expectations for the recovery of the loans, as of the first reporting period following their classification in this Group, are written off from the records in an appropriate time determined by the bank, taking into account the situation of the debtor within the scope of TFRS 9. Writing off loans from the records is an accounting practice and does not result in waiving the right to the receivable.

IX. Explanations on offsetting of financial instruments:

Financial instruments are offset when the Group has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The sukuk investments issued by the Group which are repurchased has been offset in financial assets measured at fair value through other comprehensive income and subordinated loan accounts.

X. 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 Group and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under "Borrowings from Money Markets" in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement.

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XI. 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 and the amortising for these assets is stopped. 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 Group has assets that are possessed due to receivables and debtors' obligations to the Parent Bank and classified as assets held for sale. In the case that the Group 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. The Group transfers such assets from assets held for sale and discounted operations to tangible assets.

A discontinued operation is a part of the Group's business which has been disposed of or classified as held for sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Group has not any discontinued operations.

XII. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Group. The Group's intangible assets consist of softwares, capitalized information technology services and intangible rights.

The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended. Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Parent Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Parent Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years. At the the establishment of Insha GMBH, the subsidiary of the Parent Bank operating in Germany, Insha GMBH has taken over establishment expenses from Parent Bank and goodwill has arisen during this transfer. Related amount is represented both in Insha GMBH's financial statements and Parent Bank's consolidated financial statements.

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

XIII. Explanations on tangible assets:

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

As of March 31, 2009, the Parent Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2022, the Parent Bank has revalued its immovables and reflected the results of appraisal reports prepared by independent real estate appraiser firms using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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.

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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 %
Buildings	2
Motor vehicles	20 - 25
Furniture, fixture and office equipment	4 - 33
Safe-deposit boxes	2 - 20
Operational lease improvement costs (Leasehold improvements)	Leasing period - 5 years
Leased assets	1- 10 years

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. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as five years. After January 1, 2010 in cases where leasing period is more than five years, the useful life is determined as five years.

If there is an indication for impairment, the Group estimates the recoverable amount of the tangible asset in accordance with TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than its carrying value, provides for an impairment loss. Fixed assets which are carried at fair value in the financial statements are revalued by independent Capital Markets Board licensed firms in accordance with TFRS 13.

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.

In accordance with TFRS 16, right-of-use asset is represented under tangible assets in the balance sheet.

XIV. Explanations on investment property:

Investment properties are retained in order to benefit for administrative purposes and production and supply of goods or services either or both obtain rental income or appreciation gain instead of selling them in ordinary workflow. Investment properties are accounted initially at cost then at fair value for the coming periods and changes are recognized in statement of profit or loss.

The cost includes the expenses directly associated with the purchase.

If the investment property is sold, all profits and losses incurred (referring the difference between sale price and carrying value of the asset) are recognized in statement of profit or loss. If the investment properties

which are recognized as fixed assets beforehand are sold, their revaluation differences (if there are any) under equity are transferred to prior year profits.

If a real estate's intended purpose amended and it is recognized again under fixed assets, the fair value at the date of the amendment becomes the cost for the next accounting transaction.

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XV. Explanations on leasing transactions:

Assets acquired under finance lease contracts are recorded both as an asset and as a liability at the beginning date of the lease. The basis for the determination of the balances recorded in the balance sheet as asset and liability is the lower of fair value of the leased asset at the inception of the lease and the present value of the lease payments. Finance charges arising from lease contracts are expensed in the related periods taking into consideration the internal rate of return over the period of the lease.

Assets acquired under finance lease contracts are depreciated over their useful lives and impairment provision is provided in case a decrease in recoverable amount has been determined. The Parent Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Parent Bank presents finance leased assets as a receivable equal to the net investment in the lease. Financial income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

With the "TFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Lease Payables" as a liability.

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting remains almost the same.

The Parent Bank has the exemption for not applying this standard to short-term leaseings (leases with a rental period of 12 months or less) or to leases where the underlying asset is of low value (eg personal computers, some office equipment, etc.). At the effective date of the lease, the Parent Bank measures its leasing liability at the present value of the lease payments not paid at that time and depreciates the existence of the right to use as of the same date and is amortized over the lease term. If this ratio can be determined easily, lease payments are discounted using the Parent Bank's average profit rate.

If the ratio cannot be easily determined, the Parent Bank uses its own alternative borrowing rate. The profit share expense on the lease liability and the depreciation charge of the right to use is recorded separately. The lessee re-measures the lease obligation if certain events occur (for example, changes in lease duration, forward lease payments due to changes in a particular index or rate, etc.). In this case, the lessee records the reassignment effect of the lease obligation as a correction on the right to use.

Right to use asset:

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 Parent Bank and

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.

While the Parent Bank is depreciating the right- to- use asset it utilizes the provisions for depreciation in TAS 16 Tangible Assets Standard.

The lease liabilities:

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

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

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

- Increases the book value to reflect the profit share rate on the lease obligation,
- Reduces the book value to reflect the lease payments made,
- Measures the book value to reflect reassessments and restructuring, or reflect the fixed lease payments, which is revised but inherently fixed. The profit rate on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic profit rate to the remaining balance of the lease liability.

XVI. Explanations on provisions and contingent liabilities:

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

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

XVII. 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".

In accordance with the existing social legislation in Türkiye, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated for reasons other than misconduct or due to resignation. The retirement pay is calculated for every working year within the Group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group.

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Group recognizes all actuarial gains and losses immediately through other comprehensive income. As of December 31, 2022, there is an actuarial loss amounts to TL 70.740 before deferred tax calculation. (December 31, 2021: TL 70.740 actuarial loss).

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

There are no foundations, pension funds or similar associations of which the Group's employees are members.

ii) Defined contribution plans:

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

iii) Short term benefits to employees:

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

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XVIII. Explanations on taxation:

Current tax:

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

In the financial statements as of December 31, 2022, the corporate tax rate is applied 25%. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, starting from the tax returns that must be submitted as of July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, the corporate tax rate is 25% for the taxation period of 2021, this rate was determined as 23% for the taxation period of 2022. However, with the publication of the Law No. 7394 in the Official Gazette dated April 15, 2022, for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the corporate tax rate has been permanently increased to 25%, and this change will be valid for tax returns to be submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 will be taken into account as 25%.

Dividends paid to the resident institutions are not subject to withholding tax in Türkiye. Withholding tax rate on the dividend payments other than these is 10%. Appropriation of the retained earnings to capital is not considered as profit distribution and accordingly is not subject to withholding tax.

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

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

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

In accordance with the last paragraph of the first article of the law dated February 11, 1986 and numbered 3259 “Law related to granting tax exemption to Islamic Development Bank” dividends paid to Islamic Development Bank is exempt from corporate tax. Therefore, dividend distributed to Islamic Development Bank as a shareholder of the Parent Bank is exempt from corporate tax and income tax withholding.

In Türkiye, 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.

Considering the participation accounts' part in general loan loss provision as expense for tax calculation, Finance Ministry initiated a sector-specific review. The relevant documents and calculations have been requested from the Parent Bank. As of report date, there is no information or written report transmitted to the Parent Bank.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated January 29, 2022 numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, and it is enacted that financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (including advance tax periods) and 2023 advance tax periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023), regardless of whether the conditions for the inflation adjustment within the scope of repeated Article 298 are met, and December 31, 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit or loss calculations arising from the inflation adjustment will be represented in the previous years' profit/loss account.

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Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with (“TAS 12”) “Turkish Accounting Standard for Income Taxes”. Deferred tax asset is calculated on all temporary differences 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. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, starting from the tax returns that must be submitted as of July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, the corporate tax rate is 25% for the taxation period of 2021, this rate was determined as 23% for the taxation period of 2022 and 20% for taxation periods for and after 2023. However, with the publication of the Law No. 7394 in the Official Gazette dated 15 April 2022, for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, the corporate tax rate has been permanently increased to 25%, and this change will be valid for tax returns to be submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 will be taken into account as 25%. As of December 31, 2022, deferred tax is calculated as 25%. As of December 31, 2021, for the items subject to deferred tax calculation, the enacted rates have been used which are valid as per prevailing tax legislation and consistent with these items' lifetimes as of the reporting date. There is not deferred tax calculation for free provisions.

As explained in detailed note under “XIX.” Additional explanations on borrowings, deferred tax is calculated for exchange difference and coupon payment for Tier 1 under equity and deferred tax expenses. In addition, if loss occurs in the income statement prepared as per Turkish Tax Legislation, The Parent Bank recognizes deferred tax. While making this calculation, The Parent Bank's growth projections in its budget, reinforceable estimates on income statement and expectations on inflation, currency and interest rates by Central Bank of Türkiye are considered.

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.

XIX. Additional explanations on borrowings:

The Group accounts its debt instruments in accordance with TFRS 9 “Financial Instruments”. In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Parent Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

There are no debt securities issued by the Parent Bank. The Parent Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. and its structured entities Bereket One Ltd. and Albaraka Sukuk Ltd.

The Parent Bank has subordinated loans borrowed through sukuk issuance, which has convertible nature to the shares.

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Additional tier 1 capital borrowings:

Undated sukuk transaction in foreign currency is issued and included in the additional capital account by the Parent Bank's structured entity "Bereket One Ltd.". Stated transaction evaluated as non-monetary item and accounted over historical cost in Turkish Lira under equities in the "other capital reserves" accordance with TAS 32.

XX. Explanations on issued share certificates:

None.

XXI. Explanations on acceptances and availed drafts:

Acceptances and availed drafts are realized simultaneously by the Parent Bank with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

XXII. Explanations on government grants:

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

XXIII. Explanations on segment reporting:

Business segment is a component of the Parent Bank that engages in business activities from which the Group may earn revenues and incur expenses, whose operating results are regularly reviewed by the Parent 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.

Segment reporting is disclosed in Section Four, Note XI.

XXIV. Explanations on other matters:

There are no other matters.

SECTION FOUR

Information on Consolidated Financial Structure and Risk Management of the Group

I. Explanations on consolidated 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 December 31, 2022, the Parent Bank's total capital has been calculated as TL 10.891.621 and capital adequacy standard ratio is 15,82%. As of December 31, 2021, the Parent Bank's total capital amounted to TL 6.399.996 and capital adequacy ratio was 14,65%. The Parent Bank's capital adequacy standard ratio is above the minimum ratio required by the legislation.

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a. Information on consolidated 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	2.500.000	1.350.000
Share issue premiums	23.278	14.855
Reserves	1.200.150	1.154.190
Gains recognized in equity as per TAS	2.563.282	1.184.247
Profit	1.699.161	332.836
Current Period Profit	1.699.161	332.836
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Minority Share	-	-
Common Equity Tier 1 Capital Before Deductions	7.985.871	4.036.128
Deductions from Common Equity Tier 1 Capital	-	-
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	193.239	56.592
Improvement costs for operating leasing	17.978	21.295
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	166.508	87.948
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	266.747
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	-	111.451
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 4 th clause of the 56 th 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	69.514	19.811
Amount exceeding 15% of the common equity as per the 2 nd 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	447.239	563.844
Total Common Equity Tier 1 Capital	7.538.632	3.472.284



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	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	775.720	775.720
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	775.720	775.720
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	775.720	775.720
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	8.314.352	4.248.004
TIER II CAPITAL	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	1.862.000	1.983.300
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	720.992	303.215
Tier II Capital Before Deductions	2.582.992	2.286.515
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	127.336
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	-	127.336
Total Tier II Capital	2.582.992	2.159.179
Total Capital (The sum of Tier I Capital and Tier II Capital)	10.897.344	6.407.183
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th 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	5.723	7.187

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	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 (Total Core Capital and Supplementary Capital)	10.891.621	6.399.996
Total risk weighted amounts	68.857.752	43.674.167
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	10,95	7,95
Consolidated Tier 1 Capital Adequacy Ratio (%)	12,07	9,73
Consolidated Capital Adequacy Ratio (%)	15,82	14,65
BUFFERS		
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
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 (%)	6,45	3,45
Amounts below the Excess Limits as per the Deduction Principles	-	-
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	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	760.815	349.209
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	720.992	303.215
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	720.992	303.215
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(¹) Amounts in this column represents the amounts of items that are subject to transition provisions.

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In calculating credit risk as per Regulation on Measurement and Evaluation of Capital Adequacy of Banks, it is possible that Central Bank buying exchange rates of December 31, 2021 can be used in calculating the revalued amounts of monetary and non monetary items and their specific provisions. The items which are carried at cost is out of scope. As of December 31, 2022, the Parent Bank has utilized this facility in calculating capital adequacy ratio.

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
Special Consideration in the Calculation of Equity		
As of January 1, 2015, consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.862.000	TL 775.720 ^(*)
Par Value of Instrument	TL 4.655.000	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2025	Last Payment Date: None
	Total Repayment Amount of Profit Share: USD 131.250.000 (first 5 year),	First refund option date: February 20, 2023
	USD 117.137.500 (second 5 years)	Total Repayment Amount of Profit Share for 5 years: USD 102.500.000
	Repayment Period: 6 months	Repayment Period: 6 months
Subsequent call dates	Principal Payment: USD 250.000.000	Principal Payment: USD 205.000.000
	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	9,371% (first 5 years: 10,50%)	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative

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Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval it is convertible and the rate may be determined.	As per BRSA approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliances with article number 7 and 8 of "Own fund regulation"	No	No

b. Details on subordinated liabilities:

^(*) Represented as historical cost.

c. Information on reconciliation of total capital and equity:

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



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II. Explanations on consolidated credit risk:

(1) Credit risk represents the Parent Bank's risk or losses arising from corporate and individual loan customers who have cash or non-cash credit relations with the Parent Bank not fulfilling the terms of their agreements partially or in full. Limit assignment authority primarily belongs to the Board of Directors and based on the authority given by the Board of Directors, the risk limits of the Parent Bank are determined by Head-office Loan Committee, Loan Committee and Board of Directors. Head-office Loan Committee may exercise such authority partially through units of the Parent Bank or branches. Proposal for loans are presented in a written format to the Loan Committee and Board of Directors.

Regarding the credit risk, debtors or group of debtors is subject to risk limitations. Credit limits are determined separately for each individual customer, company, group of companies, and risk groups. While determining credit risk several criteria such as the customers' financial strength, commercial capacities, sectors, geographical areas and capital structure are evaluated collectively.

In accordance with the decision taken by the Board of Directors of the Parent Bank, the Parent Bank cannot grant loans above 15% of its equity to a real person or legal entity (Exception to this decision is subject to the decision of the Board of Directors). Distributing the risk in a balanced manner to the sectors is observed, therefore in their marketing operations the branches strive for reaching various firms existing in different sectors. As a principle, each branch oversee the balanced distribution of the total risk to the sectors and progress of the firms existing in critical sectors.

The credibility of the debtors of loans are monitored periodically in accordance with related legislation. The financial documents for loans are obtained, audited and updated as necessary as stipulated in the related legislation. Credit limits of customers are renewed periodically according to the Parent Bank's credit limit renewal procedure. The Parent Bank obtains necessary collaterals for loans by analyzing the creditworthiness of corporate and individual loans according to its credit policy. Main collaterals obtained for credit risk are mortgage on real estate, cash blockage, pledges on vehicle and machinery.

Limits defined by the Board of Directors and Loan Committee for each bank are followed-up by Treasury Management on a daily basis for the transactions related with placements or treasury operations like foreign currency purchase and sales with domestic and foreign correspondent banks.

As of 1 January 2018, the Parent Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. Related classifications are mentioned in the third section under the heading of Accounting Policies, in VIII. No. "Explanations on expected credit loss provisions".

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

Risk Categories	Current Period Risk Amount	Average Risk Amount ^(*)
Receivables from central governments or central banks	34.833.608	28.984.534
Receivables from regional or local governments	99.127	95.317
Receivables from administrative units and non-commercial enterprises	78.266	56.015
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	8.183.693	9.114.888
Receivables from corporates	31.474.579	26.800.695
Retail receivables	12.315.371	10.201.202
Receivables secured by mortgages on property	6.906.801	8.583.389
Past due receivables	98.560	398.068
Receivables defined in high risk category by BRSA	-	-
Collateralized Securities	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	-
Other receivables	9.063.297	8.323.786
Equity share investments	542.504	224.933
TOTAL^(*)	103.595.806	92.782.827

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

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- (2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements.
- (3) The risks of forwards, options and similar agreements are followed regularly and the Parent Bank utilizes risk mitigation methods if needed.
- (4) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Parent Bank. Financial position and commercial operations of those customers are analyzed continuously and the principal and profit payments based on the restructured payment plan are monitored by the related departments.
- The Parent Bank considers that long-term commitments are exposed to more credit risk than short-term commitments, and matters such as defining risk limits and obtaining collateral for long-term risks are addressed more extensively as compared to short-term risks.
- (5) The Parent Bank has credit lines in different countries within the scope of its banking activity and due inquires (economic, cyclical, etc.) are carried out during the allocation and revision of such credit lines. For the Parent banks where correspondent activity and international commodity transactions are intended to be carried out, credit limits are allocated by the related credit committees taking into account the size of the correspondent Parent bank and the size of Bank itself and concentration of risk is avoided. The Parent Bank does not carry any serious risk in this respect.
- (6) Share of cash receivables of the Parent Bank from its top 100 and top 200 cash loan customers in total cash loans is 49% (December 31, 2021: 52%) and 56% (December 31, 2021: 59%) respectively.
- Share of non- cash receivables of the Parent Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 39% (December 31, 2021: 48%) and 48% (December 31, 2021: 58%) respectively.
- Share of cash and non-cash receivables of the Parent Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 43% (December 31, 2021: 46%) and 50% (December 31, 2021: 54%) respectively.
- (7) The Parent Bank's expected credit loss amount for its credit risk except non-cash loans (Stage 1 and 2) is TL 1.699.438 (December 31, 2021: TL 588.399).

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(8) Profile on significant risks in significant regions:

Current Period	Risk Categories ^(*)												Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Domestic	34.833.608	99.127	78.266	-	3.621.378	30.252.766	12.235.244	6.859.798	98.508	-	8.486.044	433.801	96.998.540
EU Countries	-	-	-	-	381.350	162.954	13.442	9.319	2	-	-	1.250	568.317
OECD Countries ^(**)	-	-	-	-	354.791	3.457	3.128	2.280	-	-	-	-	363.656
Off-shore banking regions	-	-	-	-	1.057.205	2	4.248	-	22	-	-	-	1.061.477
USA, Canada	-	-	-	-	512.950	9.732	899	3.477	23	-	-	-	527.081
Other countries	-	-	-	-	2.256.019	1.045.668	58.410	31.927	5	-	577.253	107.453	4.076.735
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
										-			
Total	34.833.608	99.127	78.266	-	8.183.693	31.474.579	12.315.371	6.906.801	98.560	-	9.063.297	542.504	103.595.806

Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	Toplam
Domestic	19.539.686	112.481	44.810	-	2.296.063	19.054.463	7.806.913	9.359.004	586.261	-	6.441.536	109.389	65.350.606
EU Countries	-	-	-	-	772.033	63.328	3.457	7.707	-	-	-	19.178	865.703
OECD Countries ^(**)	-	-	-	-	1.879.084	355	1.113	530	-	-	-	-	1.881.082
Off-shore banking regions	-	-	-	-	823.226	98.810	5.094	7.702	-	-	-	-	934.832
USA, Canada	-	-	-	-	445.344	6.482	456	501	-	-	-	-	452.783
Other countries	-	-	-	-	13.053	1.441.163	40.526	61.152	5.836	-	214.870	2.755	1.779.355
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
										-			
Total	19.539.686	112.481	44.810	-	6.228.803	20.664.601	7.857.559	9.436.596	592.097	-	6.656.406	131.322	71.264.361

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

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

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

1- Receivables from central governments or central banks

2- Receivables from regional or local governments

3- Receivables from administrative units and non-commercial enterprises

4- Receivables from multilateral development banks

5- Receivables from banks and brokerage houses

6- Receivables from corporates

7- Retail receivables

8- Receivables secured by mortgages on property

9- Past due receivables

10- Investments as collective investment enterprises

11- Other receivables

12- Equity share investments



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Risk Profile according to sectors and counterparties:

		Risk Categories														Total
Sectors/Counterparties		1	2	3	4	5	6	7	8	9	10	11	12	TL	FC	
1	Agriculture	-	-	-	-	-	413.410	174.821	40.529	1.041	-	2.919	-	543.948	88.772	632.720
1.1	Farming and stockbreeding	-	-	-	-	-	313.142	107.406	27.621	599	-	2.594	-	384.923	66.439	451.362
1.2	Forestry	-	-	-	-	-	62.385	59.455	12.577	442	-	232	-	130.472	4.619	135.091
1.3	Fishery	-	-	-	-	-	37.883	7.960	331	-	-	93	-	28.553	17.714	46.267
2	Manufacturing	-	-	26.186	-	-	10.654.745	2.567.848	861.244	25.099	-	99.203	-	7.141.086	7.093.239	14.234.325
2.1	Mining	-	-	-	-	-	134.361	44.277	8.685	2.434	-	47.362	-	187.409	49.710	237.119
2.2	Production	-	-	27	-	-	8.560.752	2.430.335	786.024	22.162	-	50.729	-	6.685.587	5.164.442	11.850.029
2.3	Electricity, gas, water	-	-	26.159	-	-	1.959.632	93.236	66.535	503	-	1.112	-	268.090	1.879.087	2.147.177
3	Construction	-	-	-	-	-	4.957.502	1.050.617	830.212	12.204	-	51.992	-	3.266.950	3.635.577	6.902.527
4	Services	34.833.304	99.104	51.616	-	8.171.440	14.282.419	6.824.237	3.523.081	49.596	-	1.629.995	542.504	29.710.878	40.296.418	70.007.296
4.1	Wholesale and retail trade	-	-	-	-	-	5.394.869	3.070.443	902.706	34.859	-	59.725	-	7.167.674	2.294.928	9.462.602
4.2	Hotel, food and beverage services	-	-	-	-	-	156.567	69.128	30.414	667	-	1.437	-	121.540	136.673	258.213
4.3	Transportation and telecommunication	-	-	500	-	-	1.104.923	629.583	99.666	4.835	-	2.914	-	755.982	1.086.439	1.842.421
4.4	Financial institutions	34.833.304	-	-	-	7.243.921	2.192.264	7.005	116.580	46	-	1.531.650	542.504	12.310.505	34.156.769	46.467.274
4.5	Real estate and renting services	-	-	23.948	-	927.519	4.928.133	2.529.003	2.261.075	5.872	-	22.984	-	8.264.012	2.434.522	10.698.534
4.6	Self-employment services	-	-	22.991	-	-	224.866	281.616	71.714	2.776	-	5.035	-	540.599	68.399	608.998
4.7	Education services	-	-	1.616	-	-	10.352	28.850	2.522	144	-	409	-	43.353	540	43.893
4.8	Health and social services	-	99.104	2.561	-	-	270.445	208.609	38.404	397	-	5.841	-	507.213	118.148	625.361
5	Other	304	23	464	-	12.253	1.166.503	1.697.848	1.651.735	10.620	-	7.279.188	-	10.114.712	1.704.226	11.818.938
6	Total	34.833.608	99.127	78.266	-	8.183.693	31.474.579	12.315.371	6.906.801	98.560	-	9.063.297	542.504	50.777.574	52.818.232	103.595.806

1- Receivables from central governments or central banks

2- Receivables from regional or local governments

3- Receivables from administrative units and non-commercial enterprises

4- Receivables from multilateral development banks

5- Receivables from banks and brokerage houses

6- Receivables from corporates

7- Retail receivables

8- Receivables secured by mortgages on property

9- Past due receivables

10- Investments as collective investment enterprises

11- Other receivable

12- Equity share investments

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Distribution of risks with term structure according to remaining maturities:

		Time to Maturity				
Risk Categories		1 month	1-3 months	3-6 months	6-12 months	1 year and over
1	Receivables from central governments or central banks	-	31.638	1.227.942	471.572	19.052.582
2	Receivables from regional or local governments	-	-	-	40.363	-
3	Receivables from administrative units and non-commercial enterprises	39	39	26.061	5.282	34.210
4	Receivables from multilateral development banks	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-
6	Receivables from banks and brokerage houses	6.700	-	103.133	84.981	1.054.262
7	Receivables from corporates	1.102.534	5.046.751	2.630.707	5.628.845	12.550.510
8	Retail receivables	511.302	1.077.645	1.466.158	3.202.084	3.588.014
9	Receivables secured by mortgages on property	185.690	653.121	469.416	981.010	4.164.692
10	Past due receivables	1.830	24	-	-	131
11	Receivables defined in high risk category by BRSA	-	-	-	-	-
12	Collateralized Securities	-	-	-	-	-
13	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14	Investments similar to collective investment funds	-	-	-	-	-
15	Other receivables	-	-	-	-	-
16	Equity share investments	-	91.400	-	-	-
17	TOTAL	1.808.095	6.900.618	5.923.417	10.414.137	40.444.401

(9) While determining risk weights of receivables from banks and receivables from central banks and central governments indicated in the sixth article of "Regulation on Measurement and Assessment of Capital Adequacy of Banks", rating grades obtained from rating agencies commissioned by customers are being used. Resident banks and intermediary firms are evaluated as unrated and credit rating agencies' ratings are considered for non resident counterparties. The ratings by IIRA (Islamic International Rating Agency) are considered for receivables from central governments or central banks. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

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The match-up of the ratings by rating agencies are represented in “credit quality stages” in the following table:

		Credit Quality stage	Fitch Ratings	Moody's Investor Service	S&P Ratings Services	Japan Credit Rating Agency	DBRS	IIRA
The match-up of the ratings	Long term credit ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	BB (high) to BB (low)	BB+ to BB-
		5	B+ to B-	B1 to B3	B+ to B-	B+ to B-	B (high) to B (low)	B+ to B-
		6	CCC+ and lower	Caa1 and lower	CCC+ and lower	CCC and lower	CCC (high) and lower	CCC+ and lower
	Short term credit ratings	1	F1+ to F1	P-1	A-1+ to A-1	J-1	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	J-2	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	J-3	R-3	A-3
		4	F3 lower	NP	A-3 lower	J-3 lower	R-3 lower	A-3 lower
		5	-	-	-	-	---	-
		6	-	-	-	-	---	-
	Ratings for long term securitization positions	1	AAA to AA-	Aaa to Aa3	AAA to AA-	-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	-	BB (high) to BB (low)	BB+ to BB-
		5	B+ and lower	B1 and lower	B+ and lower	-	B (high) and lower	B+ and lower
	Ratings for short term securitization positions	1	F1+ to F1	P-1	A-1+ to A-1	-	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	-	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	-	R-3	A-3
		Diğerleri	F3 lower	NP	A-3 lower	-	R-3	A-3 lower

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		Credit Quality stage	Fitch Ratings	Moody's Investor Service	S&P Ratings Services	Japan Credit Rating Agency	DBRS	IIRA
The match-up of the ratings	The match-up for collective investment undertakings	1	AAA to AA-	Aaa to Aa3	FCQR: AAAf to AA-f; PSFR: AAAm to AA-m	-	-	-
		2	A+ to A-	A1 to A3	FCQR: A+f to A-f; PSFR: A+m to A-m	-	-	-
		3	BBB+ to BBB-	Baa1 to Baa3	FCQR: BBB+f to BBB-f; PSFR: BBB+m to BBB-m	-	-	-
		4	BB+ to BB-	Ba1 to Ba3	FCQR: BB+f to BB-f; PSFR: BB+m to BB-m	-	-	-
		5	B+ to B-	B1 to B3	FCQR: B+f to B- f; PSFR: B+m to B-m	-	-	-
		6	CCC+ and lower	Caa1 and lower	FCQR: CCC+f and lower; PSFR: CCC+m and lower	-	-	-

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks” are presented below:

Risk Weights		0%	10%	20%	35%	50%	75%	100%	150%	200%	500%	Deductions from Shareholders' Equity
1	Amount before credit risk mitigation	37.934.570	-	5.929.237	2.522.568	4.224.467	11.789.576	36.054.132	457.374	4.680.290	3.592	190.209
2	Amount after credit risk mitigation	39.708.098	-	6.041.235	2.497.811	4.238.684	11.546.089	34.169.004	457.964	4.933.329	3.592	190.209

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

As of December 31 2022, the Parent Bank has allocated expected lifetime loss provision for loans classified as Stage 2 based on the risk assessments made under TFRS 9. For the loans which are determined as impaired by being classified in the third stage, the expected lifetime loss provision has been allocated for such loans as well.

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As of December 31, 2022, the credit risks of the loans which has not increased at first recognition or thereafter, are classified as stage 1 and 12 months expected credit loss has been allocated for such loans.

Sectors/Counterparties	Loans		Provisions
	Impaired Value (TFRS 9)		
	Significant increase in credit risk (Stage 2)	Default (Stage 3)	Provisions for Credit Losses (TFRS 9)
1Agriculture	12.188	33.111	31.395
1.1Farming and stockbreeding	2.670	28.603	27.606
1.2Forestry	9.518	4.508	3.789
1.3Fishery	-	-	-
2Manufacturing	2.659.687	324.518	1.341.280
2.1Mining	2.826	11.077	8.160
2.2Production	691.312	298.678	282.277
2.3Electricity, gas, water	1.965.549	14.763	1.050.843
3Construction	1.075.835	530.095	608.405
4Services	2.807.007	494.227	561.839
4.1Wholesale and retail trade	2.132.740	233.685	288.632
4.2Hotel, food and beverage services	127.818	47.831	47.470
4.3Transportation and telecommunication	123.243	47.263	42.143
4.4Financial institutions	204	60.144	60.053
4.5Real estate and renting services	367.112	61.620	85.143
4.6Self-employment services	46.591	34.572	30.226
4.7Education services	-	7.519	7.340
4.8Health and social services	9.299	1.593	832
5Other	149.413	86.026	73.980
6Total	6.704.130	1.467.977	2.616.899

(11) Information related to value adjustments and credit provisions:

Current Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Stage 3 Provisions	2.658.043	2.691.929	(4.625.891) ^(**)	578.589	1.302.670
2. Stage 1 and 2 Provisions	530.862	1.173.079	(133.352)	6.472	1.577.061

^(*) Determined according to currency differences.

^(**) Includes reversal of provisions related to write off amounts to TL 3.994.760

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Prior Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Stage 3 Provisions	1.247.950	1.599.318	(742.418) ^(**)	553.193	2.658.043
2. Stage 1 and 2 Provisions	584.657	300.573	(360.443)	6.075	530.862

^(*) Determined according to currency differences.

^(**) Includes reversal of provisions related to write off amounts to TL 249.185

III. Explanations on consolidated risks including countercyclical capital buffer calculation:

Explanations on receivables from consolidated private sector:

Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Türkiye	58.568.453	10.499.610	69.068.063
Iraq	1.964.783	-	1.964.783
Marshall Islands	393.763	-	393.763
Libya	118.964	-	118.964
Pakistan	7.831	-	7.831
Algeria	189.984	-	189.984
Malta	75.463	-	75.463
Tunisia	126.068	-	126.068
Georgia	69.982	-	69.982
Italy	65.754	-	65.754
Singapore	31.219	-	31.219
United States of America	481.673	37.041	518.714

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IV. Explanations on consolidated currency risk:

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

a. The Parent 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 Parent 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 Group 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 Parent Bank takes necessary measures to keep the currency risk at a minimum level.

ç. Foreign exchange buying rates of the last five working days before the balance sheet date as publicly announced by the Parent Bank are as follows:

	USD	EUR
As of December 31, 2022 - Balance sheet evaluation rate	18,620	19,901
As of December 30, 2022	18,620	19,901
As of December 29, 2022	18,639	19,833
As of December 28, 2022	18,622	19,843
As of December 27, 2022	18,631	19,791
As of December 26, 2022	18,560	19,714

d. The simple arithmetical average of the major foreign exchange buying rates of the Parent Bank for the thirty days before the balance sheet date is TL 18,575 for 1 USD (December 2021: TL 13,562), TL 19,674 for 1 EUR (December 2021: TL 15,327).

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

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Information on currency risk of the Group:

	EUR	USD	Other FC ⁽¹⁾	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Türkiye	6.107.995	13.308.303	3.121.987	22.538.285
Banks	614.096	1.505.018	2.719.300	4.838.414
Financial assets at fair value through profit and loss ⁽²⁾	1.172.446	1.409.648	5.851.412	8.433.506
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1.649	1.375.601	9.368	1.386.618
Loans and financial lease receivables ⁽³⁾	7.646.931	22.172.722	-	29.819.653
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	1.890.812	11.236.076	123.503	13.250.391
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	2	-	27.231	27.233
Intangible assets	10.505	-	-	10.505
Other assets ⁽⁴⁾⁽⁵⁾	32.782	82.459	13.365	128.606
Total assets	17.477.218	51.089.827	11.866.166	80.433.211
Liabilities				
Current account and funds collected from banks via participation accounts	379.712	661.096	28.271	1.069.079
Other current and profit sharing accounts	11.839.702	38.288.310	9.925.101	60.053.113
Money market borrowings	1.537.479	5.375.657	904.545	7.817.681
Funds provided from other financial institutions and subordinated loans	2.241.774	5.923.983	-	8.165.757
Marketable securities issued	-	-	-	-
Miscellaneous payables	323.304	1.243.628	198.165	1.765.097
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	867	44.481	32.891	78.239
Total liabilities	16.322.838	51.537.155	11.088.973	78.948.966
Net balance sheet position	1.154.380	(447.328)	777.193	1.484.245
Net off balance sheet position	(1.204.011)	931.364	37.065	(235.582)
Derivative financial instruments assets ⁽⁶⁾⁽⁷⁾	59.703	1.430.583	153.736	1.644.022
Derivative financial instruments liabilities ⁽⁸⁾⁽⁹⁾	1.263.714	499.219	116.671	1.879.604
Non-cash loans ⁽¹⁰⁾⁽¹¹⁾	2.892.867	6.729.280	70.232	9.692.379
Prior Period				
Total assets	19.846.685	46.813.240	10.428.970	77.088.895
Total liabilities	17.774.376	49.024.242	10.156.963	76.955.581
Net balance sheet position	2.072.309	(2.211.002)	272.007	133.314
Net off balance sheet position	(2.145.002)	2.733.834	(75.193)	513.639
Derivative financial instruments assets	-	3.219.728	30.028	3.249.756
Derivative financial instruments liabilities	2.145.002	485.894	105.221	2.736.117
Non-cash loans ⁽¹²⁾⁽¹³⁾	3.317.764	6.952.583	52.696	10.323.043

⁽¹⁾ TL 3.002.738 (December 31, 2021: TL 3.664.103) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Türkiye in other FC column represent precious metals, TL 1.321.927 (December 31, 2021: TL 962.090) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 8.902.072 (December 31, 2021: TL 9.344.729) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts, TL 5.851.412 (December 31, 2021: TL 4.877.174) of the balance in other FC column in financial assets at fair value through profit and loss represents gold-indexed lease certificates (sukuk)

⁽²⁾ Derivative financial instruments are included.

⁽³⁾ The balance includes foreign currency indexed loans and financial lease receivables of TL 452.057 (December 31, 2021: TL 944.111).

⁽⁴⁾⁽⁵⁾ Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 4.892 (December 31, 2021: TL 3.479) is included in other assets.

⁽⁶⁾⁽⁷⁾ In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 271.449 (December 31, 2021: TL 142.473) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 290.360 (December 31, 2021: TL 463.533).

⁽⁸⁾⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾ Does not have any effect on the net off-balance sheet position.

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Other issues related to currency risk:

Since the Parent Bank has issued undated additional tier 1 capital amount to USD 205.000.000 (Historical cost: TL 775.720) and recognized under the equity as "Other Capital Reserves", this stated amount is not included in the above table.

V.Explanations on consolidated position risk of equity securities in banking book:

The Parent Bank does not have any associate and subsidiary quoted at Borsa İstanbul.

The Parent Bank's equity securities which are not quaoated at Borsa Istanbul are recognized at fair values and if the fair values are not measured reliably, they are recognized at cost.

The equity securities under banking book calculated as per credit risk standard method amount to TL 542.504 100% risk weight is applied to related whole amount (December 31, 2021: TL 131.322).

VI. Explanations on consolidated liquidity risk:

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

Risk Management Department defines the Parent Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Parent Bank's risk profile, operation environment and strategic plan with regulations. The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties.

The Parent Bank's funding management is carried out in compliance with the ALCO decisions in the direction of the Fund Transfer Pricing (FTP) committee. Funding and placement strategies are developed by assessing liquidity of the Parent Bank.In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured to be able to continuously meet the obligations, also considering the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Parent Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Parent Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view. Liquidity risk exposed by the Parent Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

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The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework. There exists "Liquidity Risk Management Contingency Funding Plan" in the Parent Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels.

Consolidated liquidity coverage ratio:

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
		TL+FC	FC	TL+FC	FC
Current Period					
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	HIGH QUALITY LIQUID ASSETS			47.968.698	39.607.589
CASH OUTFLOWS					
2	Retail and Small Business Funds Collected	63.028.430	46.592.147	6.017.172	4.659.215
3	Stable Funds Collected	5.713.420	-	285.671	-
4	Less stable Funds Collected	57.315.010	46.592.147	5.731.501	4.659.215
5	Unsecured Funding other than Retail and Small Business Customers Deposits	27.308.254	17.866.072	14.845.517	7.563.628
6	Operational Funds Collected	19.374.905	14.098.919	4.843.726	3.524.730
7	Non-Operational Funds Collected	5.428.836	1.743.912	2.969.780	866.795
8	Other Unsecured Funding	2.504.513	2.023.241	7.032.011	3.172.103
9	Secured funding			-	-
10	Other Cash Outflows	3.247.032	2.809.385	3.247.032	2.809.385
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.247.032	2.809.385	3.247.032	2.809.385
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	23.164.448	9.902.819	2.515.266	1.475.538
16	TOTAL CASH OUTFLOWS			26.624.987	16.507.766
CASH INFLOWS					
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	16.204.354	7.900.602	12.457.422	6.867.505
19	Other contractual cash inflows	3.251.860	2.286.502	3.251.860	2.286.502
20	TOTAL CASH INFLOWS	19.456.214	10.187.104	15.709.282	9.154.007
				Upper limit applied amounts	
21	TOTAL HQLA			47.968.698	39.607.589
22	TOTAL NET CASH OUTFLOWS			10.915.705	7.353.759
23	Liquidity Coverage Ratio (%)			439,45	538,60

(*) Calculated from the average amounts of the last three months (calculated as of end of the month.

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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	353,86	420,43
Date	December 31, 2022	December 31, 2022
Highest	525,63	603,58
Date	November 30, 2022	November 30, 2022
Average	439,45	538,60

	Rate of “Percentage to be taken into account” not Implemented Total Value ^(*)		Rate of “Percentage to be taken into account” Implemented Total Value ^(*)	
	TL+FC	FC	TL+FC	FC
Prior Period				
HIGH QUALITY LIQUID ASSETS (HQLA)				
1 HIGH QUALITY LIQUID ASSETS			36.838.796	32.873.748
CASH OUTFLOWS				
2 Retail and Small Business Funds Collected	51.719.040	39.191.290	4.919.858	3.919.129
3 Stable Funds Collected	5.040.933	-	252.047	-
4 Less stable Funds Collected	46.678.107	39.191.290	4.667.811	3.919.129
5 Unsecured Funding other than Retail and Small Business Customers Deposits	25.430.075	19.978.144	11.333.624	7.496.853
6 Operational Funds Collected	16.123.135	13.072.841	4.030.784	3.268.210
7 Non-Operational Funds Collected	8.037.268	5.640.617	4.215.904	2.583.742
8 Other Unsecured Funding	1.269.672	1.264.686	3.086.936	1.644.901
9 Secured funding	-	-	-	-
10 Other Cash Outflows	3.018.517	2.425.198	3.018.517	2.425.198
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.018.517	2.425.198	3.018.517	2.425.198
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	16.235.975	9.422.344	1.898.899	1.380.669
16 TOTAL CASH OUTFLOWS			21.170.898	15.221.849
CASH INFLOWS				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	9.372.953	5.939.753	7.319.811	4.831.849
19 Other contractual cash inflows	3.037.878	2.397.809	3.037.878	2.397.809
20 TOTAL CASH INFLOWS	12.410.831	8.337.562	10.357.689	7.229.658
			Upper limit applied amounts	
21 TOTAL HQLA			36.838.796	32.873.748
22 TOTAL NET CASH OUTFLOWS			10.813.209	7.992.191
23 Liquidity Coverage Ratio (%)			340,68	411,32

(*) Calculated from the average amounts of the last three months(calculated as of end of the month.

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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 for 2021 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	303,54	352,31
Date	November 30, 2021	November 30, 2021
Highest	377,31	442,79
Date	October 31, 2021	October 31, 2021
Average	340,68	411,32

Consolidated liquidity coverage ratio is calculated by comparing the high-quality liquid assets owned by the Parent 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. Group's high quality liquid assets are composed of 3,91% cash, 49,84% deposits in central banks and 46,25% securities considered as high-quality liquid assets.

Group's main funding sources are funds collected, funds borrowed, borrowings from money market, issued securities and subordinated loans. Funding source composition in report date is 87,11% funds collected, 12,89% funds borrowed, borrowings from money market, subordinated loans and securities issued.

Cash flows of derivatives that will take place within 30 days are considered in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

The Parent Bank manages all the transactions with its foreign branches and subsidiaries consolidated in the framework of central bank, markets and related legislation of the country in which the institutions are located. Consolidated liquidity risk of the Parent Bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with group strategies. The liquidity positions of consolidated subsidiaries are continuously monitored by the Parent Bank.

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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 Türkiye	8.632.118	16.232.625	-	-	-	-	-	24.864.743
Banks	4.423.285	2.387.687	407.495	-	-	-	-	7.218.467
Financial Assets at Fair Value Through Profit and Loss ^(**)	61.848	1.419.384	172.934	1.001.134	8.932.460	99.917	-	11.687.677
Money Market Placements	-	1.725.715	-	-	-	-	-	1.725.715
Financial Assets at Fair Value Through Other Comprehensive Income	31.532	92.217	862.717	282.075	968.519	100	-	2.237.160
Loans ^(***)	328.360	8.704.258	15.114.077	27.618.919	18.151.680	2.542.416	165.307	72.625.017
Financial Assets Measured at Amortised Cost	-	247.524	319.188	2.587.815	12.912.502	3.383.900	-	19.450.929
Other Assets	-	-	2.059	33.049	225.048	328.118	6.565.181	7.153.455
Total Assets	13.477.143	30.809.410	16.878.470	31.522.992	41.190.209	6.354.451	6.730.488	146.963.163
Liabilities								
Current account and funds collected from banks via participation accounts	1.065.196	37	-	28.261	-	-	-	1.093.494
Other current and profit-sharing accounts	51.135.985	30.814.048	20.612.752	7.757.240	939.717	-	-	111.259.742
Funds provided from other financial institutions and subordinated loans	-	2.067.978	1.375.197	40.301	4.701.565	-	-	8.185.041
Money Market Borrowings	-	7.817.681	-	-	-	-	-	7.817.681
Marketable securities issued	-	-	561.381	65.714	-	-	-	627.095
Miscellaneous payables	-	895.229	248.639	108.497	65	-	3.562.269	4.814.699
Other liabilities	775.720	-	201	5.662	154.708	289.836	11.939.284	13.165.411
Total Liabilities	52.976.901	41.594.973	22.798.170	8.005.675	5.796.055	289.836	15.501.553	146.963.163
Net Liquidity Gap	(39.499.758)	(10.785.563)	(5.919.700)	23.517.317	35.394.154	6.064.615	(8.771.065)	-
Net Off-Balance Sheet Position	-	(4.582)	2.217	3.015	-	-	-	650
Financial Derivative Assets	-	1.854.901	171.071	252.971	-	-	-	2.278.943
Financial Derivative Liabilities	-	1.859.483	168.854	249.956	-	-	-	2.278.293
Non-Cash Loans	12.960.558	311.074	1.239.464	4.434.515	2.149.613	27.786	-	21.123.010
Prior Period								
Total Assets	14.491.715	21.958.118	12.342.270	19.571.648	32.405.443	4.041.118	5.214.136	110.024.448
Total Liabilities	47.057.874	37.165.638	10.085.216	3.765.786	3.389.861	214.808	8.345.265	110.024.448
Net Liquidity Gap	(32.566.159)	(15.207.520)	2.257.054	15.805.862	29.015.582	3.826.310	(3.131.129)	-
Net Off-Balance Sheet Position	-	(284.967)	243.204	8.513	-	-	-	(33.250)
Financial Derivative Assets	-	2.701.371	549.987	131.339	-	-	-	3.382.697
Financial Derivative Liabilities	-	2.986.338	306.783	122.826	-	-	-	3.415.947
Non-Cash Loans	11.725.992	164.297	770.409	3.464.733	1.262.356	15.513	-	17.403.300

(*) Loans include accruals, other liabilities include undated additional Tier 1 Capital accounted under Shareholders' Equity.

(**) Derivative financial instruments are included.

(***) Leasing receivables are included under loans. Unallocated amount represents the net non-performing loans

(****)Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, right of use of movables and real estates, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included here.

(*****The unallocated other liabilities column consists of equity, provisions and (if any) deferred tax liabilities.

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VII. Explanations on consolidated leverage ratio:

	Current Period ^(*)	Prior Period ^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*)	146.505.295	102.949.931
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	6.802.739	6.047.894
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	3.813.120	16.729
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	60.708	39.014
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
Total Risk Amount	178.899.039	123.857.781

(*) Consolidated financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué "Preparation of Consolidated Financial Statements".

(**) Represents average of the three months.

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As of December 31, 2022, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 4,53% (December 31, 2021: 3,30%). Leverage ratio is required to remain minimum 3% as per “Communiqué on Measurement and Evaluation for Leverage Ratios of Banks”. The reason for the difference in leverage ratio between current and previous period is that increase in average capital amount is higher than increase in average total risk amount.

	Current Period ^(*)	Prior Period ^(*)
Balance sheet assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	147.993.237	103.252.744
2 (Assets deducted from Core capital)	(192.871)	(189.027)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	147.800.366	103.063.717
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	23.520	157.781
5 Potential credit risk amount of derivative financial assets and credit derivatives	34.310	31.543
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	57.830	189.324
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	5.491.016	600.159
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	5.491.016	600.159
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	25.587.177	20.035.331
11 (Correction amount due to multiplication with credit conversion rates)	(37.350)	(30.750)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	25.549.827	20.004.581
Capital and total risk		
13 Core Capital	8.102.215	4.060.873
14 Total risk amount (sum of lines 3, 6, 9 and 12)	178.899.039	123.857.781
Leverage ratio		
15 Leverage ratio (%)	4,53	3,30

(*) The average of the last three months in the related periods

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viii. Explanations on presentation of consolidated financial assets and liabilities at fair value:

a. Information on fair value of financial assets and liabilities:

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated profit share accruals of corresponding financial assets or liabilities.

The fair values of financial assets and liabilities are calculated based on the following principles:

The fair values of investments measured at amortised cost are determined based on market prices.

The fair value of loans is determined by calculating the discounted cash flows using the current market profit share rates.

Carrying value of funds collected via special current accounts and participation accounts is assumed to approximate their fair value as they are valued at year-end unit values.

The fair values of funds collected from financial institutions are determined by calculating the discounted cash flows using the current market profit share rates.

	Carrying value		Fair value	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Financial Assets				
Money market placements	1.725.715	-	1.735.873	-
Banks	7.340.511	5.334.061	7.340.511	5.334.061
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	11.673.526	7.852.728	11.673.526	7.852.728
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.237.160	752.358	2.237.160	752.358
Financial Assets Measured at Amortised Cost	19.450.929	8.103.211	19.752.403	8.066.060
Loans and financial lease receivables	72.625.017	56.936.547	70.336.803	53.502.790
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	1.093.494	1.728.503	1.093.494	1.728.503
Other current and profit sharing accounts	111.259.742	89.480.178	111.259.742	89.480.178
Funds provided from other financial institutions	8.185.041	5.263.889	7.974.657	5.422.259
Marketable securities issued	627.095	3.065.049	593.171	3.087.327
Debts to Money Markets	7.817.681	1.327	7.913.844	1.327
Other Liabilities	4.814.699	2.808.658	4.814.699	2.808.658

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b. Information on fair value measurement recognized in the financial statements:

TFRS 7 “Financial Instruments: Turkish Financial Reporting Standard Related to Explanations” sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish a basis for fair value measurement. Aforesaid fair value hierarchy is determined as follows:

- a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I);
- b. Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in Level 1 (Level II);
- c. Data not based on observable data regarding assets and liabilities (Level III).

Fair value hierarchy of the financial assets and liabilities of the Parent Bank carried at fair value according to the foregoing principles are given in the table below:

Current period ^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	11.438.561	49.346	185.619	11.673.526
Government Securities	11.386.158	-	-	11.386.158
Equity securities	37.912	-	103.951	141.863
Other Financial Assets	14.491	49.346	81.668	145.505
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1.254.094	951.534	-	2.205.628
Equity securities ^(**)	-	-	-	-
Government Securities	1.254.094	-	-	1.254.094
Other Financial Assets	-	951.534	-	951.534
Derivative Financial Assets	-	14.151	-	14.151
Financial Liabilities				
Derivative financial liabilities	-	14.479	-	14.479

^(*) In the current period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 31.532 under financial assets measured at fair value through other comprehensive income are not quoted in an active market and hence, they are accounted at cost in the financial statemenst and not represented above table.

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Prior period ^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	7.607.936	199.461	45.331	7.852.728
Government Securities	7.558.347	-	-	7.558.347
Equity securities	19.198	-	45.331	64.529
Other Financial Assets	30.391	199.461	-	229.852
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	727.672	-	-	727.672
Equity securities ^(**)	-	-	-	-
Government Securities	727.672	-	-	727.672
Other Financial Assets	-	-	-	-
Derivative Financial Assets	-	88.485	-	88.485
Financial Liabilities				
Derivative Financial Liabilities	-	187.254	-	187.254

^(*) In the current period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 24.686 under financial assets measured at fair value through other comprehensive income are not quoted in an active market and hence, they are accounted at cost in the financial statemenst and not represented above table.

IX. Explanations regarding the activities carried out on behalf and account of other persons:

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

X. Explanations on consolidated risk management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Parent Bank, tables which have to be prepared within the scope of Internal rating-based (IRB) approach have not been presented.

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a. Consolidated risk management strategy and risk weighted amounts:

a.1. Risk management strategy:

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

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

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

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

The Board of Directors of the Parent Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and unconsolidated basis, setting up limit systems and procedures in the Parent Bank.The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the Parent Bank. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

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

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

The risks that the Parent Bank is exposed to or may be exposed to in the future are determined and the definition of these risks is made. Defined risks are measured and prioritized as far as possible. It is provided that all important risks are in the risk appetite considering the potential impact of the risks and the strategy arising from the Parent Bank's strategies to risk profile. The Parent Bank's strategies are integrated with risk profile and risk appetite. If it is expected that the risk profile is going to change in the future, this change is assessed with the degree of capital impact. While a risk profile is being developed, the risk profile is analyzed based on the risk type, the sector and/or the geographic location.

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

The Parent Bank's risk appetite means the amount of risk that can be accepted by the Parent Bank in order to reach the strategic targets, and it includes an acceptable variability around the targets as well.

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

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

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

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

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

Market Risk

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

Within the coverage of market risk, the Parent Bank calculates the foreign currency position risk and the security risk, as well as specific risks associated with market risk, by using the Standard approach and reports to it the authorities accordingly on a regular basis. Additionally, for test-purpose, foreign currency position risk of the Parent Bank is measured by internal models. With backtesting applications, deviations between actual values and daily VaR values, predicted by internal models, are observed in order to control accuracy and performance of these models. Potential strength of portfolio against to unexpected risks is measured with stress tests including stress scenarios.

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

Liquidity risk

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

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

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

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

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

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

Credit risk

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

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

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It is systematically not possible for customers to exceed the predetermined and approved limit Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio.

Utmost care is given to the prevention of risks concentrating on a small number of customers. Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. Credit risks are ensured to be in conformity to “Regulation on Credit Policies and Implementation Procedures”.

Operational risk

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

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

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

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

Other risks

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

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

The Parent Bank regards reputational risk as anything that might lead to the Parent Bank’s suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors, regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations.

For the risk of reputation to be avoided and/or controlled by the Parent Bank’s Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Parent Bank’s reputation or image is detected.

Preparations are made for the worst-case scenarios in advance. In the evaluation of the reputation risk, the relationship, level and impact of operational risks to the reputation risk are also taken into account.

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

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

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

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a.2. Risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	57.601.956	36.040.572	4.608.156
2	Standardised approach (SA)	57.601.956	36.040.572	4.608.156
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	77.419	60.985	6.194
5	Standardised approach for counterparty credit risk (SA-CCR)	77.419	60.985	6.194
6	Internal model method (IMM)	-	-	-
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	6.714.409	4.059.574	537.153
17	Standardised approach (SA)	6.714.409	4.059.574	537.153
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	4.463.968	3.513.036	357.117
20	Basic Indicator Approach	4.463.968	3.513.036	357.117
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)	68.857.752	43.674.167	5.508.620

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b. Financial statements and regulatory exposures reconciliation:

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

Current Period	Carrrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS) ^(*)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				Not subject to capital requirements or deducted from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ^(**)	
Assets						
Cash and cash equivalents	33.931.302	33.931.302	-	-	-	-
Financial assets at fair value through profit and loss	11.673.526	-	-	-	10.758.776	-
Financial Assets at Fair Value through Other Comprehensive Income	2.237.160	2.237.160	-	-	-	-
Financial Assets Measured at Amortised Cost	19.450.929	257.458	-	-	-	-
Derivative Financial Assets	14.151	-	14.151	-	14.151	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	122.377	-	-	-	-	122.377
LOANS (Net)	72.625.017	38.522.725	-	-	-	(1.571.338)
Loans	73.128.028	38.144.139	-	-	-	5.723
Financial Lease Receivables	908.743	512.075	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	1.467.977	1.169.181	-	-	-	-
Expected Credit Losses (-)	2.879.731	1.302.670	-	-	-	1.577.061
Assets Held for Sale and Assets of Discontinued Operations (Net)	341.132	341.132	-	-	-	-
Ownership Investments	426.134	426.134	-	-	-	-
Tangible Assets (Net)	2.734.379	2.734.379	-	-	-	17.978
Intangible Assets (Net)	177.275	177.275	-	-	-	166.508
Investment Property (Net)	1.869.188	-	-	-	-	-
Current Tax Asset	62	-	-	-	-	-
Deferred Tax Asset	453.958	453.958	-	-	-	-
Other Assets	1.151.327	1.151.331	-	-	-	-
Total assets	146.963.163	80.232.854	14.151	-	10.772.927	(1.509.229)
Liabilities						
Funds collected	112.353.236	-	-	-	-	112.353.236
Funds borrowed	3.490.803	-	-	-	-	-
Borrowings from money markets	7.817.681	-	-	-	-	7.817.681
Securities issued	627.095	-	-	-	-	627.095
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	14.479	-	-	-	-	14.479
Lease Payables	476.806	-	-	-	-	476.806
Provisions	2.584.193	40.203	-	-	-	2.584.193
Current Tax Liability	742.145	-	-	-	-	742.145
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	4.694.238	-	-	-	-	4.694.238
Other Liabilities	4.814.699	-	-	-	-	4.814.699
Shareholders' equity	9.347.788	-	-	-	-	9.339.747
Total liabilities	146.963.163	40.203	-	-	-	146.955.122

(*) Since the accounting and legal consolidation scope of the Parent Bank is the same, the financial statement information is represented in the single column.

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

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Prior Period	Carrrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS) ^(*)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				Not subject to capital requirements or deducted from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ^(*)	
Assets						
Cash and cash equivalents	31.832.672	13.058.732	-	-	-	-
Financial assets at fair value through profit and loss	7.852.728	-	360	-	8.911.944	111.451
Financial Assets at Fair Value through Other Comprehensive Income	752.358	-	-	-	-	-
Financial Assets Measured at Amortised Cost	8.103.211	6.103.211	-	-	-	-
Derivative Financial Assets	88.485	-	90.479	-	88.845	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	57.537	-	-	-	-	57.537
LOANS (Net)	56.936.547	43.506.451	-	-	-	(523.675)
Loans	55.521.541	43.146.767	-	-	-	7.187
Financial Lease Receivables	820.674	438.842	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	3.783.237	2.578.885	-	-	-	-
Expected Credit Losses (-)	3.188.905	2.658.043	-	-	-	530.862
Assets Held for Sale and Assets of Discontinued Operations (Net)	118.978	118.978	-	-	-	-
Ownership Investments	357.379	357.379	-	-	-	-
Tangible Assets (Net)	1.509.980	1.431.298	-	-	-	21.295
Intangible Assets (Net)	92.266	34.630	-	-	-	87.948
Investment Property (Net)	1.035.405	1.035.405	-	-	-	-
Current Tax Asset	2.737	2.737	-	-	-	-
Deferred Tax Asset	489.049	489.049	-	-	-	-
Other Assets	910.190	910.190	-	-	-	-
Total assets	110.024.448	67.800.418	90.839	-	9.000.789	(360.518)
Liabilities						
Funds collected	91.208.681	-	-	-	-	91.236.649
Funds borrowed	2.144.535	-	-	-	-	6.259.215
Borrowings from money markets	1.327	-	-	-	-	1.327
Securities issued	3.065.049	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	187.254	-	-	-	-	187.254
Lease Payables	349.614	-	-	-	-	349.614
Provisions	313.991	9.710	-	-	-	302.368
Current Tax Liability	126.805	-	-	-	-	117.218
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	3.119.354	-	-	-	-	3.119.354
Other Liabilities	2.808.658	-	-	-	-	2.745.561
Shareholders' equity	6.699.180	-	-	-	-	4.626.853
Total liabilities	110.024.448	9.710	-	-	-	108.945.413

(*) Since the accounting and legal consolidation scope of the Parent Bank is the same, the financial statement information is represented in the single column.

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

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

	Current Period	Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	146.963.163	80.232.854	-	14.151	10.772.927
2	Carrrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	40.203	-	-	-
3	Total net amount within the scope of legal consolidation	146.963.163	80.192.651	-	14.151	10.772.927
4	Off balance sheet amounts	29.986.264	10.480.863	-	63.268	-
5	Repo and similar transactions ^(**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	12.922.292	-	-	-
10	Risk amounts	176.949.427	103.595.806	-	77.419	10.772.927

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

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

	Prior Period	Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	110.024.448	67.800.418	-	90.839	9.000.789
2	Carrrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	9.710	-	-	-
3	Total net amount within the scope of legal consolidation	110.024.448	67.790.708	-	90.839	9.000.789
4	Off balance sheet amounts	27.737.356	8.171.482	-	35.136	-
5	Repo and similar transactions ^(**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(4.697.829)	-	-	-
10	Risk amounts	137.761.804	71.264.361	-	125.975	9.000.789

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

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

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

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

c. Consolidated Credit risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

This information is already included in (II.) Explanations on consolidated credit risk (X.a.1) The Parent Bank's risk management approach.

c.1.2. Credit quality of assets:

		Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
Current Period		Defaulted	Non-defaulted		
1	Loans	1.467.977	74.051.771	2.894.731	72.625.017
2	Debt securities	-	31.101.457	41.989	31.059.468
3	Off-balance sheet exposures	15.360	25.413.668	46.641	25.382.387
4	Total	1.483.337	130.566.896	2.983.361	129.066.872

		Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
Prior Period		Defaulted	Non-defaulted		
1	Loans	3.783.237	56.395.588	3.242.278	56.936.547
2	Debt securities	-	8.381.311	25.163	8.356.148
3	Off-balance sheet exposures	152.901	20.785.811	27.275	20.911.437
4	Total	3.936.138	85.562.710	3.294.716	86.204.132

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

		Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	3.936.138	2.107.148
2	Loans and debt securities that have defaulted since the last reporting period	3.145.221	2.458.517
3	Receivables back to non-defaulted status	(91.487)	(8.341)
4	Amounts written off	(3.994.760)	(249.185)
5	Other changes	(1.511.775)	(372.001)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	1.483.337	3.936.138

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c.1.4. Additional information on credit quality of assets:

The scope and definitions of past due receivables and the methods used by the Parent Bank to determine the provisions are mentioned in the Explanations on Credit risk.

The Parent Bank may restructure not only non-performing credits but also the first and the second stage credits. Restructuring for the first and the second stage credits are made to improve the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk. Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan.

Breakdown for receivables in terms of sectors are stated in "II. Explanations on consolidated credit risk", footnote 8 " Profile of significant risks in significant regions"

Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below. In accordance with resolution of the Board of the Parent Bank, TL 3.994.760 has been written off.

Aging analysis for past due receivables:

As per Financial instruments segmentations, aging analysis af past due but not impaired financial assets is as follows:

	0-30 Days	31-90 Days	Total
Current Period	1.412.469	6.704.130	8.116.599
	0-30 Days	31-90 Days	Total
Prior Period	691.894	5.742.345	6.434.239

Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans ^(*)	Specific Provision ^(*)
Domestic	1.447.032	1.281.779
Off-shore Banking Countries	27	5
Other Countries	20.918	20.886
General Total	1.467.977	1.302.670

(*) Represents amounts for cash loans.

Prior Period	Non-performing Loans ^(*)	Specific Provision ^(*)
Domestic	3.738.378	2.628.505
Off-shore Banking Countries	25.730	23.288
Other Countries	19.129	6.250
General Total	3.783.237	2.658.043

(*) Represents amounts for cash loans.

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c.2. Credit risk mitigation

c.2.1. Qualitative disclosure on credit risk mitigation techniques:

On and off-balance sheet offsetting agreements are not utilized.

The Parent Bank, the risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at September 6, 2014 are stated below.

a) Financial Collaterals (Government Securities, Cash, Deposit or Participation Fund Pledge, Gold, Stock Pledge)

b) Guarantees

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods. Collaterals obtained by the Parent Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

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

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

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

c.2.2. Credit risk mitigation techniques:

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	56.643.850	15.981.167	5.497.022	3.858.225	56.606	-	-
2 Debt securities	31.059.468	-	-	-	-	-	-
3 Total	87.703.318	15.981.167	5.497.022	3.858.225	56.606	-	-
4 Of which defaulted	82.792	82.515	46.539	-	-	-	-

Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	41.491.404	15.445.143	12.853.182	5.192.318	3.918.228	-	-
2 Debt securities	8.356.148	-	-	-	-	-	-
3 Total	49.847.552	15.445.143	12.853.182	5.192.318	3.918.228	-	-
4 Of which defaulted	1.006.082	119.112	93.182	8.158	6.793	-	-

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c.3. Credit risk under standardised approach:

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

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote section four numbered II.9 Explanations on Consolidated Credit Risk.

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

Current Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
Risk classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Receivables from central governments or central banks	34.833.367	480	34.833.367	240	-	0,00%
2	Receivables from regional or local governments	97.791	2.672	97.791	1.336	110.108	111,08%
3	Receivables from administrative units and non-commercial enterprises	68.234	26.711	68.234	10.032	84.466	107,92%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	7.113.140	1.274.843	7.113.140	1.070.553	3.013.382	36,82%
7	Receivables from corporates	25.954.282	10.483.489	25.954.282	5.520.296	33.878.989	107,64%
8	Retail receivables	9.315.842	8.511.042	9.315.842	2.999.529	9.488.736	77,05%
9	Receivables secured by mortgages on property	2.444.371	354.268	2.444.371	135.259	983.521	38,13%
10	Receivables secured by mortgages on commercial property	3.868.933	967.494	3.868.933	458.240	3.092.727	71,47%
11	Past due receivables	98.560	-	98.560	-	102.779	104,28%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Collateralized Securities	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Other receivables	8.777.919	589.103	8.777.919	285.378	6.304.744	69,56%
17	Equity share investments	542.504	-	542.504	-	542.504	100%
18	Total	93.114.943	22.210.102	93.114.943	10.480.863	57.601.956	55,60%

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Prior Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
Risk classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Receivables from central governments or central banks	19.422.851	644	19.514.846	319	-	0,00%
2	Receivables from regional or local governments	112.481	-	113.103	-	56.241	49,73%
3	Receivables from administrative units and non-commercial enterprises	19.832	54.203	19.832	24.978	35.606	79,46%
4	Receivables from multilateral development banks	-	-	-	-	-	0,00%
5	Receivables from international organizations	-	-	-	-	-	0,00%
6	Receivables from banks and brokerage houses	5.013.929	1.368.977	5.222.460	1.255.906	2.115.078	32,65%
7	Receivables from corporates	16.554.063	7.974.394	16.311.189	4.117.293	19.563.573	95,77%
8	Retail receivables	5.618.454	6.173.231	5.560.804	2.239.105	5.652.742	72,47%
9	Receivables secured by mortgages on property	2.501.573	167.213	2.501.439	58.517	908.718	35,50%
10	Receivables secured by mortgages on commercial property	6.407.952	950.619	6.407.463	471.916	3.341.111	48,57%
11	Past due receivables	621.801	-	621.801	-	672.763	108,20%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	0,00%
13	Securities collateralized by mortgages	-	-	-	-	-	0,00%
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	0,00%
15	Investments similar to collective investment funds	-	-	-	-	-	0,00%
16	Other receivables	6.688.621	17.234	6.688.620	3.448	3.563.418	53,25%
17	Equity share investments	131.322	-	131.322	-	131.322	100,00%
18	Total	63.092.879	16.706.515	63.092.879	8.171.482	36.040.572	50,57%

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c.3.3 Exposures by asset classes and risk weights:

	Current Period				35%							Total risk
	Risk Classes/Risk Weighted	0%	10%	20%	secured by Property mortgage	50%	75%	100%	150%	250%	Others ^(*)	amount (post-CCF and CRM)
1	Receivables from central governments or central banks	34.833.607	-	-	-	-	-	-	-	-	-	34.833.607
2	Receivables from regional or local governments	-	-	-	-	58.764	-	-	-	-	40.363	99.127
3	Receivables from administrative units and non-commercial enterprises	20.640	-	135	-	-	-	30.543	-	-	26.948	78.266
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	1.102.344	-	4.909.025	-	281.499	-	1.890.825	-	-	-	8.183.693
7	Receivables from corporates	1.553.276	-	50.779	-	232.152	-	25.532.375	2.252	-	4.103.744	31.474.578
8	Retail receivables	185.802	-	56.743	-	137	11.546.089	38.978	393.701	-	93.921	12.315.371
9	Receivables secured by mortgages on property	13.804	-	4.785	2.497.811	2.010	-	6.305	17.619	-	37.296	2.579.630
10	Receivables secured by mortgages on commercial property	53.979	-	2.385	-	3.630.522	-	3.284	2.354	-	634.649	4.327.173
11	Past due receivables	-	-	-	-	33.600	-	22.922	42.038	-	-	98.560
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	1.944.646	-	1.017.383	-	-	-	6.101.268	-	-	-	9.063.297
17	Equity share investments	-	-	-	-	-	-	542.504	-	-	-	542.504
18	Total	39.708.098	-	6.041.235	2.497.811	4.238.684	11.546.089	34.169.004	457.964	-	4.936.921	103.595.806

(*) Represents 200% and 500% risk weight.

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	Prior Period				35%							Total risk
	Risk Classes/Risk Weighted	0%	10%	20%	secured by Property mortgage	50%	75%	100%	150%	250%	Others	amount (post-CCF and CRM)
1	Receivables from central governments or central banks	19.514.867	-	-	-	298	-	-	-	-	-	19.515.165
2	Receivables from regional or local governments	-	-	-	-	113.103	-	-	-	-	-	113.103
3	Receivables from administrative units and non-commercial enterprises	489	-	10.894	-	-	-	33.427	-	-	-	44.810
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	1.206.229	-	3.546.949	-	430.468	-	1.294.720	-	-	-	6.478.366
7	Receivables from corporates	624.083	-	434.635	-	91.440	-	19.251.576	26.748	-	-	20.428.482
8	Retail receivables	181.125	-	230.418	-	-	7.302.726	-	85.640	-	-	7.799.909
9	Receivables secured by mortgages on property	2.954	-	4.276	2.520.147	13.536	-	19.043	-	-	-	2.559.956
10	Receivables secured by mortgages on commercial property	110.407	-	32.399	-	6.734.374	-	384	1.815	-	-	6.879.379
11	Past due receivables	95	-	15	-	198.555	-	122.446	300.690	-	-	621.801
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	2.148.830	-	1.224.775	-	-	-	3.318.463	-	-	-	6.692.068
17	Equity share investments	-	-	-	-	-	-	131.322	-	-	-	131.322
18	Total	23.789.079	-	5.484.361	2.520.147	7.581.774	7.302.726	24.171.381	414.893	-	-	71.264.361

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ç. Consolidated counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk (CCR):

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

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

ç.2. Counterparty credit risk (CCR) approach analysis:

Current Period		Replacement cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	14.151	63.268		-	77.419	70.937
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						70.937

(*) Effective Expected Positive Exposure

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Prior Period		Replacement cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	90.839	35.136		-	125.975	43.712
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						43.712

(*) Effective Expected Positive Exposure

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

		Current Period		Prior Period	
		EAD post- CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation		-	-	-	-
1	(i) VaR component (including the 3×multiplier)		-		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-		-
3	All portfolios subject to the Standardised CVA capital obligation	77.419	6.482	125.975	17.273
4	Total subject to the CVA capital obligation	77.419	6.482	125.975	17.273

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ç.4.CCR exposures by risk class and risk weights:

Current Period													
Risk Classes	Risk Weighted												Total credit exposure ^(*)
	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other		
Receivables from central governments or central banks	-	-	-	-	-	-	-	9.892	-	-	-	-	9.892
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	6.482	-	-	-	-	-	-	743	-	-	-	-	7.225
Receivables from corporates	-	-	-	-	-	-	-	60.302	-	-	-	-	60.302
Retail receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	6.482	-	-	-	-	-	-	70.937	-	-	-	-	77.419

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

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Prior Period													
Risk Classes	Risk Weighted												Total credit exposure ^(*)
	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other		
Receivables from central governments or central banks	77.073	-	-	-	-	-	-	-	-	-	-	-	77.073
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	6.487	-	-	-	-	-	-	-	-	-	6.487
Receivables from corporates	-	-	-	-	-	-	-	42.415	-	-	-	-	42.415
Retail receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	77.073	-	6.487	-	-	-	-	42.415	-	-	-	-	125.975

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

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ç.5. Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	4.440	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	4.440	-	-	-	-

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

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

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

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

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d. Consolidated securitization explanations:

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

e. Consolidated market risk

e.1. Qualitative disclosure on market risk:

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

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

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

e.2. Market risk under standardised approach:

		Current Period	Prior Period
		RWA	RWA
Outright products			
1	Profit rate risk (general and specific)	3.949.504	2.439.588
2	Equity risk (general and specific)	723.236	145.677
3	Foreign exchange risk	1.403.491	1.038.213
4	Commodity risk	638.178	436.096
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	6.714.409	4.059.574

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f. Consolidated Operational risk:

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks. As of December 31, 2022, amount subject to operational risk and the calculation information are given below:

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	1.601.280	2.346.573	3.194.495	2.380.783	15	357.117
Amount subject to Operational Risk (Total*12,5)						4.463.968

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

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

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

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

Profit share-yield assets, liabilities that profit share is paid, restructuring risk, yield curve risk in banking books and changes in profit rates occurred in market conditions are monitored, assessed, measured and managed by the Parent Bank in the calculations made within the scope of the related regulation.

Against the risk that these matters may affect the Parent Bank's capital negatively, these risks are assessed and managed on a weekly basis within the scope of the Charters established by the Board of Directors.

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

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TL	(+) 500bp	(461.715)	(4,24)
TL	(-) 400bp	445.662	4,09
USD	(+) 200bp	(804.550)	(7,38)
USD	(-) 200bp	933.736	8,57
EUR	(+) 200bp	(256.204)	(2,35)
EUR	(-) 200bp	279.650	2,57
Total (For Negative Shocks)	-	1.659.048	15,23
Total (For Positive Shocks)	-	(1.522.469)	(13,97)

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XI. Explanations on consolidated business segments:

The Parent Bank operates in retail, commercial and corporate banking segments via profit/loss sharing method in accordance with its mission.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(1.213.659)	7.637.746	4.928.678	179.261	11.532.026
Operating Expenses ^(*)	(2.477.123)	(4.684.162)	(481.260)	(1.073.831)	(8.716.376)
Operating Income/Expenses	(3.690.782)	2.953.584	4.447.418	(894.570)	2.815.650
Profit/(Loss) Before Tax	(3.690.782)	2.953.584	4.447.418	(894.570)	2.815.650
Tax Income (Expense)	-	-	-	(960.085)	(960.085)
Current Year Profit/(Loss)	(3.690.782)	2.953.584	4.447.418	(1.854.655)	1.855.565
Total Assets	5.532.646	71.798.138	66.032.104	3.600.275	146.963.163
Total Liabilities	81.411.164	39.240.006	17.318.068	8.993.925	146.963.163

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(207.316)	2.844.854	1.664.024	469.647	4.771.209
Operating Expenses ^(*)	(1.169.238)	(1.935.643)	(646.186)	(90.344)	(3.841.411)
Operating Income/Expenses	(1.376.554)	909.211	1.017.838	379.303	929.798
Profit/(Loss) Before Tax	(1.376.554)	909.211	1.017.838	379.303	929.798
Tax Income (Expense)	-	-	-	12.663	12.663
Current Year Profit/(Loss)	(1.376.554)	909.211	1.017.838	391.966	942.461
Total Assets	4.505.547	54.710.653	46.176.835	4.631.413	110.024.448
Total Liabilities	61.601.748	34.385.240	8.752.365	5.285.095	110.024.448

(*) Operating expenses have been allocated to business segments by using branch segment and number of branch employees allocation keys.

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SECTION FIVE

Explanations and notes on the consolidated financial statements

I. Explanations and notes related to consolidated assets:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	242.111	1.688.995	158.510	1.636.898
CBRT	1.634.851	20.015.114	1.477.835	21.001.121
Other ^(*)	449.829	834.176	184.487	2.039.760
Total	2.326.791	22.538.285	1.820.832	24.677.779

^(*) Includes precious metals amounting to TL 64.374 (December 31, 2021: TL 528.804) and cash in transit amounting to TL 1.219.631 (December 31, 2021: TL 1.695.443) as of December 31, 2022.

b. Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	1.634.851	3.782.156	1.436.022	5.163.805
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	-	16.232.958	41.813	15.837.316
Total	1.634.851	20.015.114	1.477.835	21.001.121

^(*) As of December 31, 2022, the reserve requirement held in standard gold is TL 2.938.364 (December 31, 2021: TL 3.135.299)

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", banks operating in Türkiye are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As of December 31, 2022, the Parent Bank's applicable rates for Turkish lira required reserves are between 3% and 8%, depending on the maturity structure for participation funds and other liabilities and the applicable rates for FX required reserves are between 5% and 26%, depending on the maturity structure of participation funds and other liabilities.

In accordance with the instruction dated 2 September 2022, the commission practice according to the share of Turkish Lira deposits/funds collected in total deposits/funds collected has been changed to be applied as of 23 December 2022. As per this amendment, banks with a share of Turkish Lira deposits/funds collected below 50% will pay 8% commission and banks with a share between 50% and 60% will pay 3% commission, separately for real and legal persons. The commissions to be paid will be calculated over the amount of reserve requirements for foreign currency deposits/funds collected liabilities.

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c.1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic ^(*)	2.480.843	1.550.031	1.531.688	1.039.578
Abroad	-	3.309.637	-	2.762.795
Foreign head offices and branches	-	-	-	-
Total	2.480.843	4.859.668	1.531.688	3.802.373

^(*) Includes blockaged amount TL 2.387.687 (December 31, 2021: TL 1.480.543) booked under TL accounts arising from POS transactions

c.2. Information on foreign bank accounts:

	Current period		Prior Period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	866.142	-	1.060.926	-
USA and Canada	700.977	-	657.063	-
OECD Countries ^(*)	49.492	-	61.275	-
Off-shore banking regions	3.993	-	14.204	-
Other ^(**)	1.455.393	233.640	797.251	172.076
Total	3.075.997	233.640	2.590.719	172.076

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

^(**) Represents the balance amounts to TL 1.342.849 in Iraq Banks belonging to Parent Bank's foreign branches "Erbil" and "Baghdad" (December 31, 2021: TL 703.028).

2. Information on financial assets measured at fair value through profit/loss:

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

As of December 31, 2022, the nominal investment amounts subject to repurchase agreements is TL 2.485.290 (December 31, 2021: None).

As of December 31, 2022, the collateraled/blocked nominal investment amount is TL 120.000 (December 31, 2021: TL 6.916).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk	3.136.030	8.381.142	915.941	6.850.650
Equity Securities	103.951	37.912	45.331	19.198
Others	39	14.452	1.814	19.794
Total	3.240.020	8.433.506	963.086	6.889.642

3. Information on 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 collateral or blocked:

As of December 31, 2022, the nominal investment amount subject to repurchase agreements is TL 344.775 (December 31, 2021: None).

As of December 31, 2022 the collateralized/blocked nominal investment amount is TL 100 (December 31, 2021: 99.011).

b. Detailed table of financial assets measured at fair value through other comprehensive income:

	Current Period	Prior Period
Debt securities	2.205.636	733.943
Quoted on a stock exchange	2.205.636	733.943
Unquoted	-	-
Investment Funds	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Share certificates	31.532	24.686
Quoted on a stock exchange	-	-
Unquoted	31.532	24.686
Impairment provision (-)	8	6.271
Total	2.237.160	752.358

4. Information on financial assets measured at amortised cost:

a. Information on financial assets measured at amortised cost subject to repurchase transactions, given as collateral or blocked:

As of December 31, 2022, the nominal investment amount subject to repurchase agreements amount is TL 5.113.467 (December 31, 2021: None)

As of December 31, 2022, the collateralized/blocked nominal investment amount is TL 5.072.373 (December 31, 2021: TL 539.107).

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b. Information on related to debt securities measured at amortised cost:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	19.159.367	8.103.211
Other Debt Securities	291.562	-
Total	19.450.929	8.103.211

^(*) Consists of Sukuk certificates issued by Ministry of Treasury and Finance of Türkiye.

c. Information related to financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	19.450.929	8.103.211
Quoted on a stock exchange	19.450.929	8.103.211
Unquoted	-	-
Impairment provision (-)	-	-
Total	19.450.929	8.103.211

ç. Movements of the financial investments measured at amortised cost:

	Current Period	Prior Period
Balance at beginning of period	8.103.211	3.224.800
Foreign currency differences on monetary assets	3.495.559	2.602.268
Purchases during period ^(*)	9.810.181	3.762.132
Disposals through sales and redemptions ^(*)	(2.441.847)	(1.510.652)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	483.825	24.663
Closing balance	19.450.929	8.103.211

^(*) Represented on nominal values.

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5. Information on derivative financial assets:

a. Table of positive differences related to derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	12.515	-	32.030	-
Swap Transactions	1.636	-	56.455	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	14.151	-	88.485	-

The Parent Bank has not any derivative financial assets for hedging purposes (December 31, 2021: None).

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	45.232	5.114	102.174	5.591
Corporate shareholders	42.171	5.114	98.481	5.591
Real person shareholders	3.061	-	3.693	-
Indirect loans granted to shareholders	1.472.808	63.544	1.219.475	64.583
Loans granted to employees	45.914	37.800	20.765	39.800
Total	1.563.954	106.458	1.342.414	109.974

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

b1. Detailed table for standard loans and loans under close monitoring including restructured or rescheduled loans:

	Standard loans	Loans Under Close Monitoring		
		Not under the scope of restructuring or rescheduling	Restructured Amendments to the Terms of Contracts	Refinancing
Current Period				
Cash Loans				
Loans				
Export loans	6.615.023	5.236	-	-
Import loans	4.537.954	37.534	-	-
Business loans	28.124.411	931.874	2.179.889	2.969.768
Consumer loans	4.966.072	104.602	2.030	-
Credit cards	1.301.384	20.886	28	-
Loans given to financial sector	2.973.629	116	-	-
Other ^(*)	17.926.598	327.212	103.782	-
Other receivables	-	-	-	-
Total	66.445.071	1.427.460	2.285.729	2.969.768

^(*) Details of other loans are provided below:

Commercial loans with installments	6.104.959
Other investment credits	2.973.558
Loans given to abroad	3.590.206
Profit and loss sharing investments ^(**)	4.939.322
Loans for purchase of marketable securities for customer	656.460
Other	93.087

Total	18.357.592
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^(**) As of December 31, 2022, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Parent Bank. As of December 31, 2022, the profit and loss partnership investments are evaluated as financial assets measured at fair value through profit or loss, and the net profit amounts to TL 810.218 for 2022 (TL 771.845 valuation profit, TL 38.373 valuation loss reversal) between the total risk of the Parent Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 1.086.555 and valuation loss is TL 15.000 for profit and loss sharing investments.

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	Loans Under Close Monitoring			
		Not Under the Scope of	Restructured	
Prior Period		Restructuring or	Amendments to the	
Cash Loans	Standard Loans	Rescheduling	Terms of Contracts	Refinancing
Loans				
Export loans	3.692.880	16.226	-	-
Import loans	4.146.656	42.483	1.062	-
Business loans	21.053.122	1.684.456	1.503.531	1.722.322
Consumer loans	4.206.014	95.720	3.235	-
Credit cards	698.692	4.718	111	-
Loans given to financial sector	2.013.033	-	-	-
Other ^(*)	14.015.168	424.240	193.107	4.765
Other receivables	-	-	-	-
Total	49.825.565	2.267.843	1.701.046	1.727.087

^(*) Details of other loans are provided below:

Commercial loans with installments	3.625.314
Other investment credits	3.001.637
Loans given to abroad	3.570.730
Profit and loss sharing investments ^(**)	3.908.579
Loans for purchase of marketable securities for customer	470.413
Other	60.607
Total	14.637.280

^(**) As of December 31, 2021, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Parent Bank. As of December 31, 2021, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 37.360 for 2021 (TL 146.893 valuation profit, TL 109.533 valuation loss) between the total risk of the Parent Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 314.710 and valuation loss is TL 53.373 for profit and loss sharing investments.

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b2. Information on expected credit losses for standard loans and loans under close monitoring:

	Standard Loans	Loans under close monitoring
Current Period		
12 Month Expected Credit Losses	262.832	-
Significant Increase in Credit Risk	-	1.314.229

	Standard Loans	Loans under close monitoring
Prior Period		
12 Month Expected Credit Losses	163.379	-
Significant Increase in Credit Risk	-	367.483

c. Maturity analysis of cash loans:

Cash Loans	Loans Under Follow-Up		
	Standard Loans	Non-restructured	Restructured
Current Period			
Short term loans	23.940.079	242.917	-
Medium and long-term loans ^(*)	42.504.992	1.184.543	5.255.497
Total	66.445.071	1.427.460	5.255.497

^(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

Cash Loans	Loans Under Follow-Up		
	Standard Loans	Non-restructured	Restructured
Prior Period			
Short term loans	9.732.110	1.123.635	-
Medium and long-term loans ^(*)	40.093.455	3.853.653	718.688
Total	49.825.565	4.977.288	718.688

^(*) Loans with original maturities longer than 1 year are classified as "Medium and Long Term Loans".



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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	166.404	4.848.210	5.014.614
Housing loans	14.181	3.595.562	3.609.743
Vehicle loans	39.282	741.079	780.361
Consumer loans	112.941	511.569	624.510
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	24.929	24.929
Housing loans	-	11.516	11.516
Vehicle loans	-	-	-
Consumer loans	-	13.413	13.413
Other	-	-	-
Retail credit cards-TL	368.458	224	368.682
With installment	139.348	204	139.552
Without installment	229.110	20	229.130
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	25.738	7.423	33.161
Housing loans	-	288	288
Vehicle loans	150	4.091	4.241
Consumer loans	25.588	3.044	28.632
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	12.753	-	12.753
With installment	6.623	-	6.623
Without installment	6.130	-	6.130
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (real person)	-	-	-
Overdraft account-FC (real person)	-	-	-
Total	573.353	4.880.786	5.454.139

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Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TL	49.141	4.228.453	4.277.594
Housing loans	15.075	3.691.588	3.706.663
Vehicle loans	12.202	350.294	362.496
Consumer loans	21.864	186.571	208.435
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	13.812	13.812
Housing loans	-	1.756	1.756
Vehicle loans	-	-	-
Consumer loans	-	12.056	12.056
Other	-	-	-
Retail credit cards-TL	166.841	71	166.912
With installment	61.040	61	61.101
Without installment	105.801	10	105.811
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	11.590	1.973	13.563
Housing loans	-	781	781
Vehicle loans	38	1.068	1.106
Consumer loans	11.552	124	11.676
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	7.185	17	7.202
With installment	3.441	15	3.456
Without installment	3.744	2	3.746
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	234.757	4.244.326	4.479.083

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	1.956.691	3.042.792	4.999.483
Business loans	66.873	649.119	715.992
Vehicle loans	1.767.735	1.885.805	3.653.540
Consumer loans	122.083	507.868	629.951
Other	-	-	-
Commercial installment loans-FC indexed	-	28.284	28.284
Business loans	-	27.954	27.954
Vehicle loans	-	330	330
Consumer loans	-	-	-
Other	-	-	-
Commercial installment Loans-FC	18.579	1.058.613	1.077.192
Business loans	12.613	339.133	351.746
Vehicle loans	5.966	519.984	525.950
Consumer loans	-	199.496	199.496
Other	-	-	-
Corporate credit cards-TL	939.420	1.443	940.863
With installment	301.810	1.308	303.118
Without installment	637.610	135	637.745
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	2.914.690	4.131.132	7.045.822

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Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	268.178	2.529.595	2.797.773
Business loans	14.249	504.203	518.452
Vehicle loans	223.941	1.615.073	1.839.014
Consumer loans	29.988	410.319	440.307
Other	-	-	-
Commercial installment loans-FC indexed	-	43.617	43.617
Business loans	-	37.760	37.760
Vehicle loans	-	3.068	3.068
Consumer loans	-	2.789	2.789
Other	-	-	-
Commercial installment Loans-FC	5.513	778.411	783.924
Business loans	-	177.360	177.360
Vehicle loans	5.513	413.436	418.949
Consumer loans	-	187.615	187.615
Other	-	-	-
Corporate credit cards-TL	526.903	2.393	529.296
With installment	178.587	2.105	180.692
Without installment	348.316	288	348.604
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	800.594	3.354.016	4.154.610

e. Allocation of loans by customers:

	Current Period	Prior Period
Public	204.917	103.821
Private	72.923.111	55.417.720
Total	73.128.028	55.521.541

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f. Breakdown of domestic and foreign loans:

	Current Period		Prior Period	
Domestic loans	69.537.822		51.950.811	
Foreign loans	3.590.206		3.570.730	
Total	73.128.028		55.521.541	
	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Subsidiaries and Associates	-	-	-	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total	-	-	-	-

g. Loans granted to subsidiaries and associates:

ğ. Specific provisions for loans or provisions for default loans (stage 3):

	Current Period	Prior Period
Loans with limited collectability	187.900	346.715
Loans with doubtful collectability	432.705	325.046
Uncollectible loans	682.065	1.986.282
Total	1.302.670	2.658.043

Specific provisions in the amount of TL 1.302.670 (December 31, 2021: TL 2.658.043) comprise TL 387.747 (December 31, 2021: TL 973.778) of participation account share of loans provided from participation accounts.

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h. Information on non-performing loans (net):

h.1. Information on non-performing and restructured loans:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period			
Gross amount before specific provisions	56.473	28.473	11.840
Restructured loans	56.473	28.473	11.840
Prior period			
Gross amount before specific provisions	-	414	132.728
Restructured loans	-	414	132.728

h.2. Movements of total non-performing loans:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current Period			
Closing balance of prior period	523.543	365.483	2.894.211
Additions in the current period (+)	2.346.943	178.377	619.901
Transfers from other categories of non-performing loans (+)	-	905.112	521.765
Transfers to other categories of non-performing loans (-)	905.112	521.765	-
Collections in the current period (-)	841.586	94.912	437.736
Transfers to standard loans and write off (-) ^(*)	911.038	378.315	2.796.894
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	212.750	453.980	801.247
Provisions (-)	187.900	432.705	682.065
Net balance at the balance sheet	24.850	21.275	119.182

^(*) According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 91.487 Since there is no reasonable expectation regarding its recovery, TL 3.994.760 has been deleted from the accounting records in the scope of the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" together with its 100% specific provision. The impact of the write-off under TFRS 9 on the NPL ratio is 493 basis points.

Non-performing loans in the amount of TL 1.467.977 comprise TL 491.591 of participation account share of loans provided from participation accounts.

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	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Prior Period			
Closing balance of prior period	193.865	240.360	1.611.051
Additions in the current period (+)	604.783	291.007	1.562.727
Transfers from other categories of non-performing loans (+)	-	237.812	343.703
Transfers to other categories of non-performing loans (-)	237.812	343.703	-
Collections in the current period (-)	32.517	56.711	373.802
Transfers to standard loans and write off(-) ^(*)	4.776	3.282	249.468
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	523.543	365.483	2.894.211
Specific provisions (-)	346.715	325.046	1.986.282
Net balance at the balance sheet	176.828	40.437	907.929

^(*) According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 8.341. Since there is no reasonable expectation regarding its recovery, TL 249.185 has been deleted from the accounting records in the scope of the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" together with its 100% specific provision. The impact of the write-off under TFRS 9 on the NPL ratio is 39 basis points.

Non-performing loans in the amount of TL 3.783.237 comprise TL 1.627.858 of participation account share of loans provided from participation accounts.

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period:			
Period end balance	94.340	30.370	33.216
Provision (-)	92.271	26.168	31.300
Net balance	2.069	4.202	1.916
Prior period:			
Period end balance	328.762	273.061	817.947
Provision (-)	187.531	264.025	696.048
Net balance	141.231	9.036	121.899

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period (net)	24.850	21.275	119.182
Loans to individuals and corporates (gross)	212.750	453.980	801.247
Provision (-)	187.900	432.705	682.065
Loans to individuals and corporates (net)	24.850	21.275	119.182
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	176.828	40.437	907.929
Loans to individuals and corporates (gross)	523.543	365.483	2.894.211
Provision (-)	346.715	325.046	1.986.282
Loans to individuals and corporates (net)	176.828	40.437	907.929
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-

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h.5. Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current Period (Net)	11.218	5.060	96.567
Profit Share Accruals and Valuation Differences	24.407	6.322	140.043
Provision (-)	13.189	1.262	43.476
Prior Period (Net)	5.330	21.043	357.066
Profit Share Accruals and Valuation Differences	9.367	21.469	942.724
Provision (-)	4.037	426	585.658

i. Liquidation policy for uncollectable loans:

Loans determined as uncollectible are liquidated through starting legal follow up and by converting the guarantees into cash.

i. Information on “Write-off” policies:

The write-off policy of the Parent Bank for receivables under follow up is to retire the receivables from assets in case of determination of the inability of collection through follow-up by the decision of Bank management. As of December 31, 2022, loans which deemed uncollectible amounts to TL 3.994.760 have been written off as per the decision taken by the Parent Bank management (December 31, 2021: TL 249.185).

7. Information on lease receivables (net):

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	244.455	229.389	168.950	158.920
1 to 4 years	642.468	567.951	617.544	563.304
More than 4 years	122.238	111.403	106.525	98.450
Total	1.009.161	908.743	893.019	820.674

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b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	1.009.161	893.019
Unearned financial lease receivable (-)	100.418	72.345
Net receivable from financial leases	908.743	820.674

c. General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard Loans	Loans Under Close Monitoring		Refinancing
		Not Under the Scope of Restructuring or Rescheduling	Restructured Loans with Revised Contract Terms	
Current Period				
Financial lease receivables (Net)	887.570	6.439	14.734	-
Prior Period				
Financial lease receivables (Net)	774.305	38.705	7.664	-

8. 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	118.978	131.050
Additions	380.642	222.019
Disposals	(89.884)	(87.111)
Transfers ^(*)	(111.996)	(104.641)
Impairment Provision (-)/Reversal of Impairment Provision ^(*)	43.392	(42.339)
Net closing balance	341.132	118.978

^(*)The transfers and impairments related to the transfers (if any) have been moved to assets to be sold under tangible assets.

As of December 31, 2022, TL 341.132 (December 31, 2021: TL 118.517) of the assets held for sale is comprised of real estates. There are no other tangible assets (December 31, 2021: TL 461). The Parent Bank has not any discontinued operations and assets of discontinued operations.

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9. Ownership investments:

a. Associates:

a.1. Information on unconsolidated associates:

None (December 31, 2021: None).

a.2. Information on consolidated associates:

None (December 31, 2021: None).

b. Information on subsidiaries (net):

b.1. Information on unconsolidated non-financial subsidiaries:

The subsidiary investments Albaraka Teknoloji Bilişim Sistemleri A.Ş., Insha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş. and Albaraka Kültür Sanat ve Yayımcılık A.Ş of Parent Bank controlled Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Fonu have not been consolidated since they are non-financial entities. The financial information related to those companies as of December 31, 2022 is as follows:

Title	Operation Center (City/Country)	Main Activities	Capital	Share Percentage of the Fund (%)	Fair value of the amount invested by the Fund ^(*)
Albaraka Teknoloji Bilişim Sistemleri A.Ş.	İstanbul/Türkiye	Information Technologies	33.000	100	80.259
İnsha Ventures Teknoloji Geliştirme ve Paz. A.Ş.	İstanbul/Türkiye	Information Technologies	10.000	100	30.389
Albaraka Kültür Sanat ve Yayımcılık A.Ş	İstanbul/Türkiye	Publication	10.500	100	4.610

^(*) The fair values are represented as of December 31, 2022

Natura Gıda Sanayi ve Ticaret A.Ş, which is a subsidiary investment of “Değer Girişim Sermayesi Yatırım Fonu” controlled by the Parent Bank, has not been consolidated since it is a non-financial entity.

Name	Address (City/Country)	Parent Bank's share percentage- If different voting percentage (%)	(Fund) Share Rate (%)
Natura Gıda Sanayi ve Ticaret A.Ş	Istanbul/Türkiye	-	83,70

The balances of Natura Gıda Sanayi ve Ticaret A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2021.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss
614.522	(678.784)	349.583	-	-	(375.134)	(821.254)

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b.2. Information on consolidated subsidiaries:

Bereket Varlık Kiralama A.Ş and Değer Varlık Kiralama A.Ş. which are subject to consolidation by the Parent Bank, the purpose of which are to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. have been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on "Principles Related to Rent Certificates and Asset Leasing Companies" dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Türkiye and other related regulations. The founding capital of each company is TL 50. As of December 31, 2022, the capital of each company is TL 50. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. are consolidated using full consolidation method as of December 31, 2022.

i). The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2022.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	İstanbul/Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
921.456	201	2	-	-	21	120	-

ii) The balances of Değer Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2022.

Name	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Değer Varlık Kiralama A.Ş.	İstanbul/Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
85.468	484	-	-	-	434	-	-

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iii) In the Board of Directors meeting dated February 25, 2015, the Parent Bank has taken a resolution on establishment a real estate portfolio management company with the name of “Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to “Albaraka Portföy Yönetimi A.Ş.” upon the decision of “2018 Extraordinary General Assembly” dated December 20, 2017.As of December 31, 2022, the capital of the company is TL 45.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from unaudited financial statements as of December 31, 2022.

Name	Address (City/Country)	Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Portföy Yön. A.Ş.	İstanbul/Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
219.386	206.258	1.929	1.413	-	126.531	27.079	-

iv) Insha GMBH has been established in Berlin (Germany) in 2018 in order to provide digital participation banking services through the banking license of Solarisbank AG to collect funds through mentioned license (mudaraba method) and to evaluate funds in accordance with the interest-free finance principles of the signed contract. As of December 31, 2022, the capital of the company is EUR 5.982.255 (full balance in original currency) equivalent to TL 64.221 as historical cost in the Balance Sheet.

As of December 31, 2022, unaudited financial statements of Insha GMBH is as follows:

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Insha GMBH	Berlin/Germany	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
€1.486.332	€ 275.771	€ 527.966	-	-	€ (2.648.186)	€ (3.058.298)	-



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v) Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	23.411	23.411
Movements inside the term	45.910	-
Purchases/new incorporations/capital increases	45.910	-
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	69.321	23.411
Capital commitments	-	-

Share of the capital at the end of the period (%)	100	100
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	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	69.321	23.411

c. Information on investments in joint- ventures:

c.1. Information on unconsolidated investments in joint-ventures:

The Group does not have unconsolidated investments in joint-ventures as of the balance sheet date.

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c.2. Information on consolidated investments in joint- ventures:

The Parent Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") a private pension and insurance company through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. As of December 31, 2022, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financial data from unaudited financial statements as of December 31, 2022 are below:

	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50%	50%	709.134	11.327.169	11.362.943	592.559	473.566

c.3. Information on consolidated investment funds:

The financial information of the investment funds consolidated by the Parent Bank using full consolidation method as of December 31, 2022 are as follows:

Investment Funds	Share of Parent Bank (%)	Share of Group (%)	Investment Amount of the Parent Bank(TL)	Income	Expenses	Net Profit /(Loss)
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu ^(*)	97,12	97,12	1.847.159	371.939	20.787	351.152
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu ^(*)	28,89	75,38	446.565	118.953	11.842	107.111
Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu ^(**)	0,00	100,00	663.627	60.773	14.064	46.709
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu ^(*)	13,28	14,43	122.889	446.220	9.800	436.420
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu ^(*)	81,89	81,89	55.161	19.099	1.483	17.616
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu ^(*)	1,63	1,63	1.658	46.957	4.014	42.943
Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu ^(*)	66,92	84,22	114.616	50.994	2.243	48.751
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Girişim Sermayesi Yatırım Fonu ^(*)	1,83	90,41	198.787	108.977	107.105	1.872

(*) Relevant financial data have been obtained from unaudited financial tables.

(**) Relevant financial data have been obtained from audited financial tables.

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10. Information on tangible assets:

	Immovables ^(*)	Leased tangible assets	Vehicles	Other	Assets held for sale	Total
Current period						
Cost						
Opening balance: January 1, 2022	1.109.697	-	2.035	397.019	497.299	2.006.050
Additions	172.769	-	948	35.238	277.500	486.455
Revaluation differences	715.529	-	-	-	-	715.529
Disposals	-	-	(400)	(9.853)	(150.302)	(160.555)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	180.584	180.584
Transfers	-	-	-	-	111.996	111.996
Ending balance: December 31, 2022	1.997.995	-	2.583	422.404	917.077	3.340.059
Accumulated depreciation(-)						
Opening balance: January 1, 2022	219.712	-	1.030	273.195	2.133	496.070
Depreciation expense	69.801	-	442	51.520	-	121.763
Reversal of depreciation of the disposed assets	-	-	(398)	(9.797)	(1.958)	(12.153)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2022	289.513	-	1.074	314.918	175	605.680
Total cost at the end of the year	1.997.995	-	2.583	422.404	917.077	3.340.059
Total accumulated depreciation at the end of the year	(289.513)	-	(1.074)	(314.918)	(175)	(605.680)
Closing net book value	1.708.482	-	1.509	107.486	916.902	2.734.379

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	Immovables ^(*)	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Prior period						
Cost						
Opening balance: January 1, 2021	876.740	-	2.139	365.858	555.254	1.799.991
Additions	46.985	-	18	38.923	-	85.926
Revaluation differences	185.972	-	-	-	-	185.972
Disposals	-	-	(122)	(7.762)	(190.492)	(198.376)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	27.896	27.896
Transfers	-	-	-	-	104.641	104.641
Ending balance: December 31, 2021	1.109.697	-	2.035	397.019	497.299	2.006.050
Accumulated depreciation(-)						
Opening balance: January 1, 2021	165.280	-	706	242.215	2.320	410.521
Depreciation expense	54.432	-	423	37.014	-	91.869
Reversal of depreciation of the disposed assets	-	-	(99)	(6.034)	(187)	(6.320)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2021	219.712	-	1.030	273.195	2.133	496.070
Total cost at the end of the year	1.109.697	-	2.035	397.019	497.299	2.006.050
Total accumulated depreciation at the end of the year	(219.712)	-	(1.030)	(273.195)	(2.133)	(496.070)
Closing net book value	889.985	-	1.005	123.824	495.166	1.509.980

(*) As of December 31, 2022, the immovables of the Parent Bank have been revalued by an independent valuer and revaluation fund of TL 715.529 (December 31, 2021: TL 185.972) has been reflected in the financial statements. After the revaluation, the total cost of the Parent Bank's immovables is TL 1.404.044 (December 31, 2021: TL 688.517), their amortisation is TL 114.869 (December 31, 2021: TL 90.454), net carrying value is TL 1.289.175 (December 31, 2021: TL 598.063). As of December 31, 2022, the total cost of the immovables recognized as "right of use" under tangible assets in accordance with "TFRS 16 Leases" standard in the balance sheet of the Bank is TL 593.951 (December 31, 2021: TL 421.180), related amortisation is TL 174.644 (December 31, 2021: TL 129.258), net carrying value is TL 419.307 (December 31, 2021: TL 291.922)

11. Information on intangible assets:

a. Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Gross book value	445.447	292.534
Accumulated depreciation (-)	268.172	200.268
Total (net)	177.275	92.266

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b. Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	92.266	46.887
Additions	145.637	78.951
Disposals (-) (net)	97	-
Depreciation expense (-)	60.531	33.572
Closing net book value	177.275	92.266

12. Information on investment property:

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment properties (*)	1.869.188	-	1.035.405	-
Total	1.869.188	-	1.035.405	-

(*)Includes investment properties of "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu"

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13. Information related to deferred tax asset:

As of December 31, 2022, the Group calculated net deferred tax asset of TL 453.958 (December 31, 2021: TL 489.049) by netting off deferred tax asset of TL 819.789 (December 31, 2021: TL 631.449) and deferred tax liability of TL 365.831 (December 31, 2021: TL 142.400) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	183.605	79.209
Provisions for retirement premium and vacation pay liabilities	171.621	30.142
Difference between carrying value and tax base of tangible assets (amortization differences)	79.722	46.991
Depreciation of tangible assets	387	45.110
Provisions for cases on trial	10.542	6.811
Provisions	311.329	70.461
Leasing profit share expenses	57.838	33.226
Other(*)	4.745	319.499(*)
Deferred tax asset	819.789	631.449
Revaluation difference of property	145.533	41.415
Rediscount on profit share	9.577	9.577
Right of use assets	111.529	60.625
Derivative financial liabilities	3.538	17.697
Other(**)	95.654	13.086
Deferred tax liability	365.831	142.400
Deferred tax asset (net)	453.958	489.049

(*)Includes tax assets of TL 289.473 calculated from prior period financial losses. Since there is financial profit including previous years' financial losses, there is not any deferred tax assets for carried financial losses in the current term.

(**)Includes TL 63.871, the deferred tax liability of securities revaluation difference at fair value through other comprehensive income (December 31, 2021: 6.133 TL).

14. Information on other assets:

As of the balance sheet date, the Group's other assets balance is TL 1.151.327 (December 31, 2021: TL 910.190) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	5.222.601	-	-	-	-	-	-	-	5.222.601
II. Real Persons Participation Accounts Non-Trade TL	-	2.814.203	20.314.487	1.664.847	-	17.513	4.966.871	14.144	29.792.065
III. Current Account other-TL	7.430.916	-	-	-	-	-	-	-	7.430.916
Public Sector	46.362	-	-	-	-	-	-	-	46.362
Commercial Institutions	7.129.339	-	-	-	-	-	-	-	7.129.339
Other Institutions	213.030	-	-	-	-	-	-	-	213.030
Commercial and Other Institutions	17.807	-	-	-	-	-	-	-	17.807
Banks and Participation Banks	24.378	-	-	-	-	-	-	-	24.378
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	24.354	-	-	-	-	-	-	-	24.354
Participation Banks	22	-	-	-	-	-	-	-	22
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	905.125	5.318.675	911.150	-	5.162	1.645.237	113	8.785.462
Public Sector	-	20	135	-	-	-	-	-	155
Commercial Institutions	-	853.473	4.893.622	864.510	-	5.155	1.639.092	113	8.255.965
Other Institutions	-	51.473	342.517	43.787	-	7	6.145	-	443.929
Commercial and Other Institutions	-	159	82.364	2.853	-	-	-	-	85.376
Banks and Participation Banks	-	-	37	-	-	-	-	-	37
V. Real Persons Current Accounts Non- Trade FC	19.119.130	-	-	-	-	-	-	-	19.119.130
VI. Real Persons Participation Accounts Non-Trade FC	-	7.212.751	6.985.507	1.000.316	-	57.892	2.727.477	18.533	18.002.476
VII. Other Current Accounts FC	13.639.947	-	-	-	-	-	-	-	13.639.947
Residents in Türkiye-Corporate	7.002.573	-	-	-	-	-	-	-	7.002.573
Residents Abroad-Corporate	5.596.555	-	-	-	-	-	-	-	5.596.555
Banks and Participation Banks	1.040.819	-	-	-	-	-	-	-	1.040.819
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	103	-	-	-	-	-	-	-	103
Foreign Banks	1.040.473	-	-	-	-	-	-	-	1.040.473
Participation Banks	243	-	-	-	-	-	-	-	243
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	619.148	709.210	23.608	-	28.454	77.647	500	1.458.567
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	561.264	524.458	11.627	-	194	31.391	500	1.129.434
Other institutions	-	26.657	13.526	246	-	-	-	-	40.429
Commercial and Other Institutions	-	31.227	171.226	11.735	-	-	46.256	-	260.444
Banks and Participation Banks	-	-	-	-	-	28.260	-	-	28.260
IX. Precious Metals Deposits	6.788.587	731.679	1.225.306	56.154	-	2.648	94.228	3.470	8.902.072
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools - FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	52.201.181	12.282.906	34.553.185	3.656.075	-	111.669	9.511.460	36.760	112.353.236

Foreign exchange-protected participation account instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL participation accounts are valued with profit rates and are protected against changes in foreign exchange rates, is offered to the Parent Bank customers. Within this scope, as of December 31, 2022, TL participation accounts include TL 27.864.396 foreign exchange-protected participation accounts.

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Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	4.001.458	-	-	-	-	-	-	-	4.001.458
II. Real Persons Participation Accounts Non-Trade TL	-	3.113.067	5.518.589	161.758	-	22.416	504.010	12.734	9.332.574
III. Current Account other-TL	3.712.855	-	-	-	-	-	-	-	3.712.855
Public Sector	84.792	-	-	-	-	-	-	-	84.792
Commercial Institutions	3.423.766	-	-	-	-	-	-	-	3.423.766
Other Institutions	155.487	-	-	-	-	-	-	-	155.487
Commercial and Other Institutions	31.794	-	-	-	-	-	-	-	31.794
Banks and Participation Banks	17.016	-	-	-	-	-	-	-	17.016
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	17.000	-	-	-	-	-	-	-	17.000
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	821.395	1.994.941	137.709	-	12.031	167.947	120	3.134.143
Public Sector	-	10	110	-	-	-	-	-	120
Commercial Institutions	-	767.040	1.598.806	135.664	-	12.024	165.558	120	2.679.212
Other Institutions	-	54.344	321.138	2.045	-	7	2.389	-	379.923
Commercial and Other Institutions	-	1	24.445	-	-	-	-	-	24.446
Banks and Participation Banks	-	-	50.442	-	-	-	-	-	50.442
V. Real Persons Current Accounts Non- Trade FC	16.580.053	-	-	-	-	-	-	-	16.580.053
VI. Real Persons Participation Accounts Non-Trade FC	-	7.392.746	11.689.171	984.545	-	73.865	3.091.153	10.588	23.242.068
VII. Other Current Accounts FC	16.467.583	-	-	-	-	-	-	-	16.467.583
Residents in Türkiye-Corporate	10.655.873	-	-	-	-	-	-	-	10.655.873
Residents abroad-Corporate	4.369.003	-	-	-	-	-	-	-	4.369.003
Banks and Participation Banks	1.442.707	-	-	-	-	-	-	-	1.442.707
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	78	-	-	-	-	-	-	-	78
Foreign Banks	1.442.303	-	-	-	-	-	-	-	1.442.303
Participation Banks	326	-	-	-	-	-	-	-	326
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	1.246.953	4.051.953	28.420	-	29.869	34.009	2.014	5.393.218
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	835.571	3.394.400	21.434	-	9.968	33.959	2.014	4.297.346
Other Institutions	-	22.336	33.812	14	-	-	-	-	56.162
Commercial and Other Institutions	-	389.046	425.304	6.972	-	-	50	-	821.372
Banks and Participation Banks	-	-	198.437	-	-	19.901	-	-	218.338
IX. Precious Metals Deposits	5.520.205	1.015.474	2.487.785	140.218	-	43.979	128.270	8.798	9.344.729
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools - FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	46.282.154	13.589.635	25.742.439	1.452.650	-	182.160	3.925.389	34.254	91.208.681

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Foreign exchange-protected participation account instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL participation accounts are valued with profit rates and are protected against changes in foreign exchange rates, is offered to the Parent Bank customers. Within this scope, as of December 31, 2021, TL participation accounts include TL 1.002.062 foreign exchange-protected participation accounts.

b. Information on participation fund under the guarantee of insurance:

b.1. Under the guarantee of Insurance and 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	Under the guarantee of Insurance	Exceeding 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				
Turkish Lira accounts	9.230.265	6.207.822	25.784.400	7.126.212
Foreign currency accounts	10.360.486	8.600.262	34.973.814	38.238.727
Foreign branches' deposits subject to foreign authorities' insurance	44.818	35.842	310.499	276.478
Off-shore deposits under foreign authorities' insurance	-	-	-	-

(*) In accordance with the "Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936, all deposit and participation funds have been insured except official institutions in the presence of credit institutions, credit institutions and financial institutions. In this context, commercial current and participation accounts covered by the insurance amount to TL 3.674.273, amount exceeding the insurance limit is TL 26.074.642 and the mentioned amounts is not included in the footnote.

Funds collected by Participation Banks (expect belonging to official institutions, credit institutions and financial institutions) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 200 (including both capital and profit shares) for each real person or legal 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	41.853	39.825
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 Türkiye in order to engage solely in Off-Shore Banking Activities	-	-

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2. Information on borrowings:

a.1. Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	3.054.715	-	1.249.451
Other	19.284	416.804	53.707	841.377
Total	19.284	3.471.519	53.707	2.090.828

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	19.284	6.731	53.707	465.339
Loans from foreign banks, institutions and funds	-	3.464.788	-	1.625.489
Total	19.284	3.471.519	53.707	2.090.828

a.3. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	19.284	3.466.719	53.707	2.007.533
Medium and Long-Term	-	4.800	-	83.295
Total	19.284	3.471.519	53.707	2.090.828

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

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

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3. Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	627.095	-	3.065.049	-
Total	627.095	-	3.065.049	-

4. Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	8.542	808	20.861	-
Swap transactions	4.277	852	159.624	6.769
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	12.819	1.660	180.485	6.769

The Parent Bank has not any derivative financial liabilities for hedging purposes (December 31, 2021: None).

5. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	5.863	-	4.631	-
1 to 5 years	154.708	26.214	108.401	-
Over 5 years	289.836	185	214.808	21.774
Total	450.407	26.399	327.840	21.774

6. Information on provisions:

a. Information on provisions for employee rights:

The Group's provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 321.939 (December 31, 2021: TL 130.540), vacation pay liability amounting to TL 14.545 (December 31, 2021: TL 17.764), and performance premium provision amounting to TL 357.500 (December 31, 2021: TL 1.250) totaling to TL 693.984 (December 31, 2021: TL 149.554). The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

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	Current Period	Prior Period
Discount rate (%)	11,10	14,50
Estimated increase rate of salary ceiling (%)	10,00	10,00

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

	Current Period	Prior Period
Prior period ending balance	130.540	121.163
Amount of provision during the period	9.605	25.327
Actuarial (gain)/loss	181.794	(15.950)
Balance at the end of the period	321.939	130.540

b. Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	20.239	16.435
Provisions allocated from profit shares to be distributed to profit sharing accounts	6.438	2.957
Third stage expected loss provision for unindemnified letter of guarantees	15.360	3.881
Third stage expected loss provision for cheques commitments	4.604	4.002
Provision for promotions related with credit cards and promotion of banking services	445	283
Provisions for cases on trial	42.169	34.057
Accrual for purchase and sale commitments	375	1.583
Free provisions allocated for possible losses ^(*)	1.800.000	100.000
Other	579	1.239
Total	1.890.209	164.437

^(*)Includes free provision amounting to TL 1.800.000, which is set aside by the Parent Bank's management apart from the requirements of the BRSA Accounting and Financial Reporting Legislation. (December 31, 2021: 100.000 TL).

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

As of December 31, 2022, there is no provision for exchange losses in foreign currency indexed loans and financial lease receivables (December 31, 2021: None).

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7. Information on taxes payable:

a. Explanations on current tax liability:

a.1. Explanations on tax provisions:

As of December 31, 2022, the Group's has remaining tax liability after deducting the temporary taxes paid from corporate tax amounts to TL 607.323 (December 31, 2021: TL 21.647).

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	607.323	21.647
Banking insurance transaction tax	42.910	26.333
Taxation on securities income	13.020	18.094
Value added tax payable	7.510	9.343
Taxation on real estate income	1.888	1.371
Foreign exchange transaction tax	6.255	17.031
Income tax deducted from wages	29.120	14.717
Other	6.063	2.611
Total	714.089	111.147

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	12.094	6.766
Social security premiums-employer	13.378	7.447
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	861	482
Unemployment insurance-employer	1.723	963
Other	-	-
Total	28.056	15.658

8. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2021: None).

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

Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of additional Tier I Capital	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II Capital	-	4.694.238	-	3.119.354
Subordinated loans	-	4.694.238	-	3.119.354
Subordinated debt instruments	-	-	-	-
Total	-	4.694.238	-	3.119.354

The Parent Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Türkiye through its structured entity Albaraka Sukuk Ltd. amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,50% for the first 5 years and 9,371% for the last 5 years (from May 2021). The Parent Bank has realized undated additional Tier 1 Capital amount to USD 205.000.000 on February 20, 2018.

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

None (December 31, 2021: None).

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	2.500.000	1.350.000
Preferred stock	-	-

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

In the Board of Directors meeting dated February 28, 2013, the Parent Bank has taken a resolution on transition to registered capital system. The application dated January 22, 2021 for the extension of the Registered Capital Ceiling to the Capital Markets Board has been approved on January 28, 2021 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2025.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	2.500.000	2.500.000

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

Information on the capital increase in the current period is as follows:

Date of increase	Increased Amount	Cash	Profit Reserves subjected to Increase	Capital Reserves subjected to Increase
31.05.2022	1.150.000 TL	1.150.000 TL	-	-

ç. 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.

d. 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.

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

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

f. Information on privileges given to stocks representing the capital:

There is no privilege given to stocks representing the capital.

g. Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference ^(*)	162.579	28.542	11.641	6.760
Foreign exchange difference	-	-	-	-
Total	162.579	28.542	11.641	6.760

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

ğ. Information on other capital reserves:

The Parent Bank has evaluated its undated sukuk transaction as non- monetary item as per TAS 32 which is issued by “Bereket One Ltd” quoted at Ireland Stock Exchange amount to USD 205.000.000 (Historical cost is TL 775.720) and compatible with Basel III criteria. In addition to this evaluation, considering BRSA's approval to add it to additional Tier 1 capital dated February 20, 2018, the Parent Bank recognized it in shareholders' equity under “other capital reserves” on historical cost. The settlement date of the sukuk transaction is February 20, 2023 and its yearly cost is 10% with every six-month payment. The Parent Bank has option to cancel the expense amounts. If the Parent Bank uses this option, it is not obligatory to pay the amount it has not paid in the following periods.

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The total coupon payment for the related transaction amounting to TL 792.205 (December 31, 2021: TL 468.589) has been recognized under prior years profit/loss.

h. Information on minority shares:

As of December 31, 2022, minority shares calculated for full-consolidated uncontrolled shares amount to TL 777.327 (December 31, 2021: TL 1.943.910).

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

1. Explanations on consolidated off-balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	1.910.259	1.059.919
Payment commitments for cheques	1.109.464	834.732
Asset purchase and sale commitments	581.749	927.624
Loan granting commitments	618.854	655.296
Tax and funds liabilities arising from export commitments	30.942	17.234
Commitments for promotions related with credit cards and banking activities	687	555
Other irrevocable commitments	563	552
Other revocable commitments	53.500	39.500
Total	4.306.018	3.535.412

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

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

	Current Period	Prior Period
Letters of guarantees	17.449.635	12.371.236
Bank loans	70.414	99.278
Letters of credit	3.467.844	4.898.399
Other guaranties and sureties	135.117	34.387
Total	21.123.010	17.403.300

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

	Current Period	Prior Period
Letters of guarantees	17.449.635	12.371.236
Long standing letters of guarantees	12.792.451	8.421.227
Temporary letters of guarantees	546.270	294.638
Advance letters of guarantees	866.507	803.105
Letters of guarantees given to customs	1.059.864	654.451
Letters of guarantees given for obtaining cash loans	2.184.543	2.197.815
Sureties and similar transactions	135.117	34.387
Total	17.584.752	12.405.623

c. Within the non-cash loans:

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

	Current Period	Prior Period
Non-cash loans given against cash loans	2.184.543	2.197.815
With original maturity of 1 year or less	745.936	662.573
With original maturity of more than 1 year	1.438.607	1.535.242
Other non-cash loans	18.938.467	15.205.485
Total	21.123.010	17.403.300

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

	Current period			
	TL	(%)	FC	(%)
Agricultural	309.177	2,70	115.146	1,19
Farming and stockbreeding	148.285	1,30	103.676	1,07
Forestry	159.028	1,38	11.470	0,12
Fishery	1.864	0,02	-	0,00
Manufacturing	3.142.777	27,49	4.503.578	46,47
Mining	138.623	1,21	2.463	0,03
Production	2.821.178	24,68	3.873.421	39,96
Electricity, gas and water	182.976	1,60	627.694	6,48
Construction	2.463.975	21,56	813.548	8,39
Services	5.208.894	45,56	3.663.413	37,79
Wholesale and retail trade	3.157.674	27,62	1.259.375	12,99
Hotel, food and beverage services	68.732	0,60	139.499	1,44
Transportation and telecommunication	426.993	3,74	219.754	2,27
Financial Institutions	514.329	4,50	1.751.895	18,07
Real estate and renting services	369.420	3,23	177.009	1,83
Self-employment services	323.551	2,83	76.820	0,79
Education services	42.576	0,37	13	0,00
Health and social services	305.619	2,67	39.048	0,40
Other	305.808	2,69	596.694	6,16
Total	11.430.631	100,00	9.692.379	100,00

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	Prior period			
	TL	(%)	FC	(%)
Agricultural	110.103	1,56	53.430	0,52
Farming and stockbreeding	59.909	0,85	52.460	0,51
Forestry	49.622	0,70	970	0,01
Fishery	572	0,01	-	0,00
Manufacturing	1.745.283	24,65	4.600.865	44,57
Mining	55.295	0,78	690	0,01
Production	1.513.702	21,38	3.896.762	37,75
Electricity, gas and water	176.286	2,49	703.413	6,81
Construction	1.486.579	21,00	1.045.891	10,13
Services	3.539.218	49,99	4.275.662	41,42
Wholesale and retail trade	1.938.841	27,38	1.780.183	17,24
Hotel, food and beverage services	43.099	0,61	87.363	0,85
Transportation and telecommunication	305.655	4,32	146.175	1,42
Financial Institutions	390.114	5,51	1.989.986	19,28
Real estate and renting services	340.794	4,81	176.968	1,71
Self-employment services	207.978	2,94	55.029	0,53
Education services	64.880	0,92	1.469	0,01
Health and social services	247.857	3,50	38.489	0,38
Other	199.074	2,80	347.195	3,36
Total	7.080.257	100,00	10.323.043	100,00

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

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	11.128.112	9.486.814	274.264	131.418
Letters of guarantee	10.999.994	5.959.056	274.115	114.068
Bank loans	-	70.414	-	-
Letters of credit	11.385	3.439.109	-	17.350
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	116.733	18.235	149	-

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Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	6.940.630	10.048.418	104.436	223.386
Letters of guarantee	6.908.691	5.048.293	104.436	223.386
Bank loans	-	99.278	-	-
Letters of credit	12.324	4.886.075	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	19.615	14.772	-	-

2. Explanations on derivative transactions:

	Derivative transactions according to purpose	Derivative transactions according to purpose
	December 31, 2022	December 31, 2021
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	4.557.236	6.798.644
Currency Forwards-Purchases, sales	1.230.982	951.048
Currency Swaps-Purchases, sales	3.326.254	5.847.596
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit share Rate Related Derivative Transactions (II)	-	-
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	4.557.236	6.798.644
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	4.557.236	6.798.644

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3. Explanations on contingent assets and liabilities:

The Parent Bank has made a provision amounting to TL 42.169 (December 31, 2021: TL 34.057), as presented under "Other Provisions" note in section five Note II.6.b, for the lawsuits opened by various real persons and legal entities against the Parent Bank with high probability of realization and cash outflows. Although there are other ongoing lawsuits against the Parent Bank, the Parent Bank considers the probability of a negative result in ongoing litigations resulting in cash outflows as remote

4. Explanations on services rendered on behalf of third parties:

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

IV. Explanations and notes related to the consolidated 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	2.551.682	320.341	889.366	200.080
Medium and Long-Term Loans ^(**)	4.317.481	1.044.803	2.173.463	785.728
Profit Share on Non-Performing Loans	62.924	4.940	121.382	5.838
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	6.932.087	1.370.084	3.184.211	991.646

(*) Includes fees and commission income on cash loans.

(**) Includes TL 861.227 as profit and loss sharing invenstment income. (December 31, 2021: 146.893 TL)

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	47.503	-	134.657	-
Domestic Banks	172	-	373	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	47.675	-	135.030	-

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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	896.850	222.641	170.339	111.756
Financial Assets Measured at Fair Value through Other Comprehensive Income	232.929	32.544	65.993	33.898
Financial Assets Measured at Amortised Cost	605.801	581.128	107.823	194.687
Total	1.735.580	836.313	344.155	340.341

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

None (December 31, 2021: None).

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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							Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	
Account name								
TL								
Funds collected from banks through current and profit-sharing accounts	-	26.318	-	-	-	-	-	26.318
Real persons' non-trading profit sharing accounts	398.032	2.028.722	151.907	-	3.282	361.049	1.812	2.944.804
Public sector profit-sharing accounts	3	18	-	-	-	-	-	21
Commercial sector profit sharing accounts	105.351	590.370	351.036	-	113.613	27.526	3	1.187.899
Other institutions profit sharing accounts	8.370	68.455	9.690	-	3	540	-	87.058
Total	511.756	2.713.883	512.633	-	116.898	389.115	1.815	4.246.100
FC								
Funds collected from banks through current and profit-sharing accounts	-	846	-	-	577	-	-	1.423
Real persons' non-trading profit sharing accounts	73.579	97.370	12.584	-	688	37.519	262	222.002
Public sector profit-sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	7.030	17.550	212	-	41	418	7	25.258
Other institutions profit sharing accounts	1.644	5.585	90	-	-	849	-	8.168
Precious metals deposits	1.596	5.401	243	-	24	721	12	7.997
Total	83.849	126.752	13.129	-	1.330	39.507	281	264.848
Grand total	595.605	2.840.635	525.762	-	118.228	428.622	2.096	4.510.948

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Prior Period	Profit sharing accounts							Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	
Account name								
TL								
Funds collected from banks through current and profit sharing accounts	-	780	2.420	-	-	-	-	3.200
Real persons' non-trading profit sharing accounts	357.644	572.616	18.051	-	3.324	64.908	1.449	1.017.992
Public sector profit sharing accounts	3	1	-	-	-	-	-	4
Commercial sector profit sharing accounts	67.727	410.641	25.908	-	32.533	6.101	2	542.912
Other institutions profit sharing accounts	8.718	55.325	448	-	48	330	-	64.869
Total	434.092	1.039.363	46.827	-	35.905	71.339	1.451	1.628.977
FC								
Funds collected from banks through current and profit sharing accounts	389	4.069	-	-	193	49	-	4.700
Real persons' non-trading profit sharing accounts	49.994	86.700	8.822	-	734	31.855	62	178.167
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	5.034	47.027	1.817	-	3.878	313	21	58.090
Other institutions profit sharing accounts	1.464	2.380	106	-	-	-	-	3.950
Precious metals deposits	1.556	5.223	321	-	170	512	17	7.799
Total	58.437	145.399	11.066	-	4.975	32.729	100	252.706
Grand total	492.529	1.184.762	57.893	-	40.880	104.068	1.551	1.881.683

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	38	60.009	289	48.500
CBRT	-	-	-	-
Domestic banks	-	780	-	1.919
Foreign banks	38	59.229	289	46.581
Head offices and branches abroad	-	-	-	-
Other institutions	11.012	427.906	9.397	261.130
Total	11.050	487.915	9.686	309.630

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	421	-	620	-
Total	421	-	620	-

ç. Profit share expenses paid to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expenses paid to marketable securities issued	430.037	-	785.170	-
Total	430.037	-	785.170	-

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

Other Fees and Commissions Received	Current Period	Prior Period
Clearing room fees and commissions	130.403	75.188
Member firm-POS fees and commissions	124.211	71.518
Commissions on money orders	109.872	58.764
Prepaid import commissions	86.333	47.128
Loan Limit Allocation Fees	70.847	22.474
Insurance and brokerage commissions	58.624	28.422
Service pack commissions	32.181	15.345
Appraisal fees	25.295	16.580
Export credit commissions	22.276	9.559
Advocacy service commissions and counsel fees	9.548	8.517
Checks and bills commissions	7.007	4.910
Fees and commissions from correspondent banks	5.435	4.377
Safe deposit box commissions	4.284	3.312
Pledge Put and Mortgage Release Fees	3.543	3.209
Enquiry fees received	3.007	2.315
Other	90.847	44.856
Total	783.713	416.474
Other Fees and Commissions Paid	Current Period	Prior Period
Required Reserves Commissions for CBRT in Foreign currency	158.422	3.160
Fees and commissions for Swift, EFT and money orders	81.517	71.204
Member firm-POS fees and commissions	65.870	37.955
Credit cards fees and commissions	59.128	36.762
Funds borrowed fees and commissions	7.068	9.551
Other	17.458	17.285
Total	389.463	175.917

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4. Information on dividend income:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	497	282	768	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	774	-	-	-
Other	-	-	-	-
Total	1.271	282	768	-

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

	Current Period	Prior Period
Income	45.848.525	46.598.399
Income from capital market transactions	2.098.057	284.017
Income from derivative financial instruments	227.603	241.653
Foreign exchange income	43.522.865	46.072.729
Loss (-)	42.973.199	46.317.445
Loss on capital market transactions	231.839	213.439
Loss on derivative financial instruments	134.877	471.127
Foreign exchange losses	42.606.483	45.632.879
Trading Income/Loss (net)	2.875.326	280.954

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6. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	1.390.440	944.571
Income from sale of assets	154.415	150.670
Communication income	41.630	23.337
Cheque book charges	4.115	3.044
Operating Lease Income	47.090	10.592
Real estate revaluation income ^(*)	369.471	415.222
Real estate rental income ^(*)	16.608	5.589
Real estate sales income ^(*)	109.404	155.868
Other income	66.440	18.596
Total	2.199.613	1.727.489

^(*) Represents the income from real estates' portfolio under real estate investment funds.

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7. Informations on Expected Credit Losses and Other Provision Expenses:

	Current Period	Prior Period
Expected Credit Loss	3.865.008	1.575.273
12 month expected credit loss (stage 1)	127.045	59.313
Significant increase in credit risk (stage 2)	1.046.034	241.260
Non-performing loans (stage 3)	2.691.929	1.274.700
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	-	-
Miscellaneous Provisions	85.144	136.070
Expected credit losses for 1 st and 2 nd group non-cash loans	4.380	3.607
Third stage expected loss provision for unindemnified non cash loans	12.080	-
Expected credit losses (stage 1) for banks	64.840	22.111
Profit and loss sharing investments' fair value provision.	-	109.533
Expected credit losses (stage 1) for other financial assets.	-	726
Expected credit losses for financial assets measured at amortized cost	3.844	93
Total	3.950.152	1.711.343

Expected credit losses amount to TL 3.950.152 (December 31, 2021: TL 1.711.343) includes TL 1.240.654 (December 31, 2021: TL 650.124) representing participation account share of expected credit losses of loans provided from participation accounts.

8. Information on other operating expenses:

	Current Period	Prior Period
Vacation pay provision expenses	346.781	4.055
Impairment on financial assets measured at fair value through profit/loss	8.042	3.393
Provisions for cases on trial	8.112	13.874
Free provisions allocated for possible losses	1.700.000	100.000
Provisions allocated from profit shares to be distributed to profit sharing accounts	3.832	2.604
Provisions for Profit Share to be Distributed	1.219	-
Total	2.067.986	123.926

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	Current Period	Prior Period
Provision for retirement pay liability	4.487	27
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	161.726	117.095
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	60.531	33.572
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	1
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	6.505	46.769
Other business expenses	425.286	195.600
Leasing Expenses on TFRS 16 Exceptions	2.414	6.437
Maintenance and repair expenses	50.723	36.317
Advertisement expenses	22.593	10.126
Other expenses ^(*)	349.556	142.720
Loss on sale of assets	1.642	1.062
Other ^(**)	503.032	341.145
Total	1.163.209	735.271

(*) Other expenses under "other business expenses" are provided as below:

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	Current Period	Prior Period
Communication Expenses	66.313	37.900
Donations	32.250	8.133
Cleaning expenses	41.749	22.897
Heating, lighting and water expenses	53.694	16.290
Representation and Hosting expenses	14.082	10.293
Vehicle expenses	17.716	6.654
Lawsuit and court expenses	7.737	3.783
Movables Insurance Expenses	11.034	4.837
Stationery Expenses	6.802	4.669
Expense Share for Common Expenses	3.706	2.514
Subcontractor security service expenses	41.000	-
Cash and banknote group transportation service expenses	25.586	9.939
Other	27.887	14.811
Total	349.556	142.720

(**) Details of "other" balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	190.587	120.296
Taxes, Duties, Charges and Funds	128.727	82.558
Expertise and Information Expenses	28.685	21.888
Audit and Consultancy Fees	39.726	14.042
Institution and Union Participation Share Expense	21.308	15.397
Residence Expenses ^(*)	7.910	53.173
Shopping Mall expenses ^(*)	-	6.909
Shop and Office Expenses ^(*)	15.058	2.854
Other	71.031	24.028
Total	503.032	341.145

^(*)Represents the expenses from real estates' portfolio under real estate investment funds.

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As per the decision by Public Oversight Accounting and Auditing Standards Authority dated March 26, 2021, The following table represents the fees for the services received from the auditor or independent audit firm for reporting period. The audit fees of the associates of the Parent Bank are included as well. The fees in the table does not include Value Added Tax.

Current Period	Audit services provided by Group auditor	Audit services provided by other audit firms
Indenependent Audit fee for reporting period ^(*)	4.575	295
Fees for tax consultancy	115	-
Other assurance services' fees	-	-
Other service fees other than independent audit.	-	1.150
Total	4.690	1.445

Prior Period	Audit services provided by Group auditor	Audit services provided by other audit firms
Indenependent Audit fee for reporting period ^(*)	2.324	190
Fees for tax consultancy	185	-
Other assurance services' fees	1.945	-
Other service fees other than independent audit.	450	-
Total	4.904	190

^(*)For foreign currency independent audit fees fx rates of December 31, 2022 and December 31, 2021 have been used.

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

As the Parent Bank does not have any discontinued operations, there is no explanation related to income/loss from discontinued operations before taxes.

The Group's income before tax increased by 202,82% compared to prior period and is realized as TL 2.815.650 (December 31, 2021: TL 929.798). Income before tax comprises net profit share income in the amount of TL 5.409.083 (December 31, 2021: TL 1.874.904) and fees and commission income in the amount of TL 644.548 (December 31, 2021: TL 405.756). Total other operating expenses amount to TL 1.163.209 (December 31, 2021: TL 735.271).

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

Since the Parent Bank has no discontinued operations, there is no tax provision for this purpose.

As of December 31, 2022, the Parent Bank has deferred tax income of TL 1.131.637 (December 31, 2021: TL 688.099) and deferred tax expense of TL 1.476.179 (December 31, 2021: TL 646.524). The current tax provision is TL 615.543 (December 31, 2021: TL 28.912).

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

The Parent Bank has no discontinued operations. Net income for the period has been realized as TL 1.855.565 (December 31, 2021: TL: 942.461) by deducting tax expense amounting to TL 960.085 (December 31, 2021: TL 12.663 total tax income, including TL 28.912 current tax expense, TL 41.575 deferred tax income) from profit from continued operations amounting to TL 2.815.650 (December 31, 2021: TL 929.798).

12. Explanations on net income/loss:

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

None.

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

None.

c. Income/loss of minority shares:

	Current Period	Prior Period
Net profit/(loss) of minority shares	156.404	609.625

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

a. There is no declaration of dividends made subsequent to the balance sheet date, and prior to the announcement of the financial statements.

Decision related to the dividend distribution will be taken in the General Assembly. General Assembly has not been held as of the date of finalization of the accompanying financial statements.

b. "Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets measured at fair value through other comprehensive income are recognized in the "Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income. TL 230.948 increase (before deferred tax) has occurred after the revaluation of financial assets measured at fair value through other comprehensive income (December 31, 2021: TL 20.023 increase).

c. Revaluation amounts related to tangible and intangible assets are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.

d. Foreign exchange differences arising from translation of income statement of foreign branch and foreign subsidiary of the Parent Bank are accounted in other capital reserves amounts to TL 226.845 as increase. (December 31, 2021: TL 207.083 increase).

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

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

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

a. Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	10.090.678	5.406.129
Cash in TL/foreign currency	1.795.408	1.457.399
Cash in transit	1.695.443	844.125
CBRT	6.599.827	3.104.605
Cash equivalents	3.853.518	2.650.943
Domestic banks	1.090.723	1.444.529
Foreign banks	2.762.795	1.206.414
Total cash and cash equivalents	13.944.196	8.057.072

b. Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	8.567.744	10.090.678
Cash in TL/foreign currency	1.931.106	1.795.408
Cash in transit	1.219.631	1.695.443
CBRT	5.417.007	6.599.827
Cash equivalents	4.952.824	3.853.518
Domestic banks	1.643.187	1.090.723
Foreign banks	3.309.637	2.762.795
Total cash and cash equivalents	13.520.568	13.944.196

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

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

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

The "Others" item under "Operating profit before changes in operating assets and liabilities" amounting to TL (4.139.534) (December 31, 2021: TL (567.614)) mainly comprises other operating expenses excluding personnel expenses and amortization expenses and other operating income.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 273.571 (December 31, 2021: TL 1.174.535) mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL 1.109.975 as of December 31, 2022 (December 31, 2021: TL 3.140.669).

VII. Explanations related to the risk group of the Group:

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

a. Current period:

Risk Group of the Group ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Group		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	90	62	1.321.649	70.174	52	-
Balance at the end of the period	-	-	1.518.040	68.658	405	74
Profit share and commission income received	-	7	64.462	328	-	-

b. Prior period:

Risk Group of the Group ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Group		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	1	53	818.807	34.537	187	-
Balance at end of period	90	62	1.321.649	70.174	52	-
Profit share and commission income received	-	-	36.243	183	-	-

^(*) Defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

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

Risk Group of the Group ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect Shareholders of the Group		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	15.374	35.342	688.843	271.125	28.403	12.518
Balance at the end of period	-	15.374	704.954	688.843	35.279	28.403
Profit share expense	-	2	-	3	262	117

^(*)As of December 31, 2022, wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 36.288.426 and EUR 3.600.000 (December 31, 2021: USD 42.837.711 and EUR 21.600.000). The profit share expense relating to such borrowings for the period between January 1, 2022- December 31, 2022 is TL 16.318 (December 31, 2021: TL 19.896).

USD 155 million of the additional Tier I capital amounting to USD 205 million, which was realized on February 20, 2018, belongs to Albaraka Group, the main shareholder of the Parent Bank. The related amount is accounted under other capital reserves in the financial statements.

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

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

As of December 31, 2022, the Group has paid TL 30.164 (December 31, 2021: TL 24.290) to top management.



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

Information on the domestic and foreign branches and representative offices of the Parent Bank:

	Number	Number of Personnel			
Domestic Branches	224	2.672			
			Country		
Foreign Representation Office	-	-			-
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	2	23	Irak	3.978.191	USD 50.000.000
Off-Shore Branches	-	-	-	-	-

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

In 2022, the Parent Bank has closed 6 branches, including 5 physical branches and 1 digital branch, and has not opened any branch abroad in 2022.

IX. Explanations related to subsequent events:

As per the communique on the changes on General Communique of tax procedure law numbered 547 published in the Official Gazette dated January 14, 2023 counted 32073, the procedures and principles of the law articles that allow the revaluation of immovable and depreciable economic assets have been rearranged. Accordingly, the Parent Bank will be able to do valuation for the immovables and depreciable economic assets on condition that fulfilling the conditions in tax procedure law temporary 32th item and duplicated item's terms numbered 298/ç. Thus, corporate tax can be paid according to the values found after revaluation of immovables and depreciable economic assets.

An earthquake occurred in the southeastern part of Türkiye that affected many of our cities. As the ultimate severity of this earthquake, which killed and injured thousands of people, is currently uncertain, efforts to measure the impact on the Parent Bank's operations and financial condition continue.

The Parent Bank has decided to be shareholder in Katılım Finans Kefalet A.Ş. which will operate under surety system convenient to participation banking procedures and principles. TL 90.000.000 will be paid as founding and working capital (corresponding to 15% of the total shares), and extra 1% of the total capital will be paid by six participation banks on behalf of Participation Banks Association of Türkiye who will own 6% of the total capital. The company will be in the stage of establishment following receiving necessary permissions.

X. Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification:

None.

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SECTION SIX

Other explanations

I. Other explanations regarding the Parent Bank's operations

None.

SECTION SEVEN

Independent auditor's report

I. Explanations on independent auditor's report:

The Group's consolidated financial statements as of and for the period ended December 31, 2022 have been audited by PwC Bağımsız Denetim ve SMMM A.Ş. and the audit report dated March 3, 2023 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.



Directory

Headquarters

Dr. Adnan Büyükdeniz Cad. No:6
34768 Ümraniye/İSTANBUL
Tel: (216) 666 01 01
Fax: (216) 666 16 00

Main Branch

Saray Mah. Dr. Adnan Büyükdeniz Cad.
No:6 34768 Ümraniye/İSTANBUL
Tel: (216) 666 02 02
Fax: (216) 666 17 01

Regional Headquarters

**Istanbul Anatolia Side
Regional Headquarters**
Kozyatağı Mah. Çardak Sok. Herti Plaza
A Blok No:1/5 Kadıköy/İSTANBUL
Tel: (216) 464 81 00
Fax: (216) 666 16 33

**Istanbul European Side 1
Regional Headquarters**
Fulya Mah. Likör Yanı Sokak Akabe İş
Hanı No: 1/28 Şişli/İSTANBUL
Tel: (212) 347 68 58
Fax: (216) 666 16 31

**Istanbul European Side 2
Regional Headquarters**
Göztepe Mah. Batışehir Cad. Batışehir
Sit. K1 Blok No: 2 İç Kapı No: 21-22
Bağcılar/İSTANBUL
Tel: (212) 603 60 18
Fax: (216) 666 16 32

Ankara

Regional Headquarters
Mustafa Kemal Mah. 2123 Cad. No: 2D
Cepa Ofis Kat:16 Çankaya/ANKARA
Tel: (312) 311 00 43
Fax: (216) 666 16 34

Southern Anatolia

Regional Headquarters
İncilipınar Mh. Prof. Muammer
Aksoy Bulvarı No:28/13 Şehitkamil/
GAZİANTEP
Tel: (342) 215 04 32
Fax: (216) 666 16 35

Aegean

Regional Headquarters
Akdeniz Mah. Fezvipaşa Bulvarı
No:51/31 Konak/İZMİR
Tel: (232) 254 54 00
Fax: (216) 666 16 47

Central Anatolia

**Regional
Head Office**
Fevziçakmak Mah. 10632 Sok.
No:2D/201 Karatay/KONYA
Tel: (332) 235 00 44
Fax: (216) 666 16 44

Marmara

Regional Headquarters
Alacamescit Mah. İnönü Cad. No:33
Osmangazi/BURSA
Tel: (224) 999 67 03
Fax: (216) 666 16 49

Corporate Branches

Anatolia Corporate Branch
Kozyatağı Mah. Çardak Sok. Herti Plaza
A Blok No: 1/3 Kadıköy/İSTANBUL
Tel: (216) 445 05 50
Fax: (216) 666 18 30

European Side Corporate Branch

Fulya Mah. Likör Yanı Sokak Akabe İş
Hanı No: 1/27 Şişli/İSTANBUL
Tel: (212) 347 13 53
Fax: (216) 666 18 31

Başkent Corporate Branch

Mustafa Kemal Mah. 2123 Cad. No: 2D
Cepa Ofis Kat: 15 Çankaya/ANKARA
Tel: (312) 474 09 09
Fax: (216) 666 18 32

Thrace Corporate Branch

Göztepe Mah. Batışehir Cad. Batışehir
Sit. K1 Blok No: 2 İç Kapı No: 11-12
Bağcılar/İSTANBUL
Tel: (212) 550 16 65
Fax: (216) 666 18 36

Istanbul Branches

Akşemsettin Branch
Telsiz Mah. Seyit Nizam Cad. No: 160/B
Zeytinburnu/İSTANBUL
Tel: (212) 415 83 40
Fax: (216) 666 18 78

Alibeyköy Branch

Alibeyköy Mah. Atatürk Cad. No: 21A/1
34100 Eyüpsultan/İSTANBUL
Tel: (212) 627 43 33
Fax: (216) 666 18 17

Altunizade Branch

Altunizade Mah. Kısıklı Cad. No: 14/1B
Üsküdar/İSTANBUL
Tel: (216) 651 74 94
Fax: (216) 666 17 92

Arnavutköy Branch

Arnavutköy Merkez Mah. Fatih Cad.
No: 15/B 34276 Arnavutköy/İSTANBUL
Tel: (212) 597 67 57
Fax: (216) 666 18 12

Avcılar Branch

Merkez Mah. Reşitpaşa Cad. No: 37/2B
Avcılar/İSTANBUL
Tel: (212) 509 05 24
Fax: (216) 666 17 53

Bağcılar Branch

Çınar Mah. İstanbul Cad. No: 27-29C
Bağcılar/İSTANBUL
Tel: (212) 434 23 28
Fax: (216) 666 17 28

Bahçelievler Branch

Bahçelievler Mah. Adnan Kahveci
Bulvarı No: 30/4A Bahçelievler/
İstanbul
Tel: (212) 642 00 44
Fax: (216) 666 17 75

Bahçelievler Soğanlı Branch

Soğanlı Mah. Mustafa Kemal Paşa Cad.
No: 176 B Bahçelievler/İSTANBUL
Tel: (212) 643 16 72
Fax: (216) 666 18 98

Bakırköy Çarşı Branch

Cevizlik Mah. Fahri Korutürk Cad.
No: 28 A Bakırköy/İSTANBUL
Tel: (212) 583 66 33
Fax: (216) 666 17 99

Basın Ekspres Branch

Yenibosna Merkez Mah.
Değirmenbahçe Cad. No: 17-A1/10
Yenibosna Bahçelievler/İSTANBUL
Tel: (212) 397 04 58
Fax: (216) 666 18 52

Başakşehir Branch

İkitelli OSB Mah. Tümsan 1. Kısım 3.
Blok Sok. No: 1/1 Başakşehir/İSTANBUL
Tel: (212) 485 12 74
Fax: (216) 666 89 00

Bayrampaşa Branch

Yenidoğan Mah. Abdi İpekçi Cad.
No: 75A Bayrampaşa/İSTANBUL
Tel: (212) 612 52 21
Fax: (216) 666 17 13

Beşyüzevler Branch

Eski Edirne Asfaltı No: 349-351A
Bayrampaşa/İSTANBUL
Tel: (212) 477 61 90
Fax: (216) 666 17 27

Beyazıt Branch

Mimar Kemalettin Mah. Yeniçeriler
Cad. No: 59B Fatih/İSTANBUL
Tel: (212) 516 17 13
Fax: (216) 666 18 84

Beykent Branch

Adnan Kahveci Mah. Y. Sultan Selim
Bulvarı Perla Vista AVM No: 1C/73
Beylikdüzü/İSTANBUL
Tel: (212) 871 00 45
Fax: (216) 666 17 30

Beylikdüzü Organize Sanayi Branch

Beylikdüzü OSB Mah. Birlik Sanayi
Sitesi 3. Cad. No:1/1 Beylikdüzü/
İSTANBUL
Tel: (212) 876 49 13
Fax: (216) 666 18 54

Bulgurlu Branch

Bulgurlu Mah. Bulgurlu Cad. No: 128/A
Üsküdar/İSTANBUL
Tel: (0216) 266 74 94
Fax: (216) 666 89 27

Büyükçekmece Branch

Dizdariye Mah. Cami Sk. No: 1A/1
34500 Büyükçekmece/İSTANBUL
Tel: (212) 881 57 01
Fax: (216) 666 18 21

Çağlayan Branch

Çağlayan Mah. Vatan Cad. No: 15C
34403 Çağlayan, Kağıthane/İSTANBUL
Tel: (212) 246 06 11
Fax: (216) 666 17 44

Çakmak Branch

Armağanевler Mah. Alemdağ Cad.
No: 414A Ümraniye/İSTANBUL
Tel: (216) 335 04 64
Fax: (216) 666 18 83

Çekmeköy Branch

Meclis Mah. Aşkın Sk. No: 27/C
Sancaktepe/İSTANBUL
Tel: (216) 420 63 63
Fax: (216) 666 18 22

Cennet Mahallesi Branch

Cennet Mah. Barbaros Cad. No: 73/B
Küçükçekmece/İSTANBUL
Tel: (212) 598 79 02
Fax: (216) 666 18 50

Dudullu Branch

Adem Yavuz Mah. Alemdağ Cad.
No: 447/A Ümraniye/İSTANBUL
Tel: (216) 614 09 87
Fax: (216) 666 89 11

Esenler Branch

Menderes Mah. Atışalanı Cad. No: 11C
Esenler/İstanbul
Tel: (212) 508 49 99
Fax: (216) 666 17 80

Esenyurt Branch

İnönü Mah. Doğan Araslı Bulvarı
No: 108A Esenyurt/İSTANBUL
Tel: (212) 699 33 99
Fax: (216) 666 18 13

Esenyurt Cumhuriyet Caddesi
Branch

Barbaros Hayrettin Paşa Mah. Nazım
Hikmet Bulvarı No: 86E Esenyurt/
İSTANBUL
Tel: (212) 403 05 52
Fax: (216) 666 89 29

Eyüp Branch

Merkez Mah. Fahri Korutürk Cad.
No: 52/A Eyüpsultan/İSTANBUL
Tel: (212) 578 10 20
Fax: (216) 666 18 92

Fatih Branch

Ali Kuşçu Mah. Macarkardeşler Cad.
No: 30 34080 Fatih/İSTANBUL
Tel: (212) 635 48 96
Fax: (216) 666 17 15

Fındıkzade Branch

Haseki Sultan Mah. Kızılalma Cad.
No: 3/A Fatih/İSTANBUL
Tel: (0212) 403 00 12
Fax: (216) 666 89 13

Firuzköy Branch

M. Kemal Paşa Mah. Firuzköy Bulvarı
No: 103A Avcılar/İSTANBUL
Tel: (212) 428 68 36
Fax: (216) 666 18 82



Directory

<p>Florya Branch Şenlikköy Mah. Florya Cad. No: 88B Florya/Bakırköy/İSTANBUL Tel: (212) 574 20 41 Fax: (216) 666 18 42</p>	<p>Hasanpaşa Branch Hasanpaşa Mah. Fahrettin Kerim Gökay Cad. No: 7/1 Kadıköy/İSTANBUL Tel: (216) 336 55 40 Fax: (216) 666 17 81</p>	<p>İstoç Branch Mahmutbey Mah. 2420. Sok. No: 77 Bağcılar/İSTANBUL Tel: (212) 659 68 70 Fax: (216) 666 17 83</p>	<p>Kavacık Branch Kavacık Mah. Orhan Veli Kanık Cad. No: 98/1 Beykoz/İSTANBUL Tel: (216) 680 27 33 Fax: (216) 666 17 57</p>	<p>Küçükköy Branch Yeni Mahalle Hekimsuyu Cad. No: 7 Küçükköy, Gaziosmanpaşa/İSTANBUL Tel: (0212) 618 11 80 Fax: (216) 666 18 24</p>	<p>Mecidiyeköy Branch Fulya Mah. Büyükdere Cad. No: 78-80B 34460 Mecidiyeköy, Şişli/İSTANBUL Tel: (212) 347 16 10 Fax: (216) 666 18 10</p>	<p>Örnek Mahallesi Branch Örnek Mah. Şehit Cahar Dudayev Cad. No: 38-40A Ataşehir/İSTANBUL Tel: (0216) 969 34 96 Fax: (216) 666 89 21</p>	<p>Şehremini Branch Şehremini Mah. Turgut Özal Millet Cad. No: 163/A Fatih / İSTANBUL Tel: (212) 585 00 13 Fax: (216) 666 18 69</p>
<p>Gaziosmanpaşa Branch Sarıgöl Mah. Ordu Cad. No: 9B Gaziosmanpaşa/İSTANBUL Tel: (212) 563 54 10 Fax: (216) 666 17 93</p>	<p>İhlamurkuyu Branch İhlamurkuyu Mah. Alemdağ Cad. No: 271/A Ümraniye/İSTANBUL Tel: (216) 614 00 77 Fax: (216) 666 18 51</p>	<p>Kadıköy Branch Rasimpaşa Mah. Rıhtım Cad. No: 44B 34716 Kadıköy/İSTANBUL Tel: (216) 414 31 63 Fax: (216) 666 17 11</p>	<p>Kaynarca Branch Fevzi Çakmak Mah. Tevfik İleri Cad. No: 175A Kaynarca, Pendik/İSTANBUL Tel: (216) 397 07 10 Fax: (216) 666 18 27</p>	<p>Laleli Branch Kemalpaşa Mah. Ordu Cad. No: 56/1 Fatih/İSTANBUL Tel: (212) 528 70 70 Fax: (216) 666 17 71</p>	<p>Mercan Branch Mercan Mah. Tacirhane Sok. No: 25/A Fatih/İSTANBUL Tel: 0212 403 03 50 Fax: (216) 666 89 15</p>	<p>Pendik Branch Batı Mah. 23 Nisan Cad. No: 16/A 34890 Pendik/İSTANBUL Tel: (216) 483 65 05 Fax: (216) 666 17 25</p>	<p>Silivri Branch Piri Mehmet Paşa Mah. Hacı Pervane Cad. No: 49B Silivri/İSTANBUL Tel: (212) 728 78 00 Fax: (216) 666 18 66</p>
<p>Gültepe Branch Ortabayır Mah. Talatpaşa Cad. No: 80B Kağıthane/İSTANBUL Tel: (212) 216 74 01 Fax: (216) 666 18 89</p>	<p>İkitelli Branch İkitelli OSB Mah. Atatürk Bulvarı No: 72/B Başakşehir/İSTANBUL Tel: (212) 671 28 10 Fax: (216) 666 17 24</p>	<p>Kağıthane Branch Merkez Mah. Nurhan Sok. No: 2B Kağıthane/İSTANBUL Tel: (212) 401 06 96 Fax: (216) 666 17 12</p>	<p>Kozyatağı Branch Kozyatağı Mah. Değirmen Sok. Nida Kule İş Merkezi No: 18/7 Kadıköy/ İSTANBUL Tel: (216) 384 28 22 Fax: (216) 666 17 85</p>	<p>Levent Sanayi Branch Sultan Selim Mah. Sultan Selim Cad. No: 25A Kağıthane/İSTANBUL Tel: (212) 278 25 00 Fax: (216) 666 17 49</p>	<p>Merter Branch Mehmet Nesih Özmen Mah. Fatih Cad. No: 24 Güngören/İSTANBUL Tel: (212) 637 84 10 Fax: (216) 666 17 26</p>	<p>Pendik E5 Branch Çınardere Mah. Gönenli Mehmet Efendi Cad. No: 71/F-G Pendik/İSTANBUL Tel: (216) 379 49 00 Fax: (216) 666 18 74</p>	<p>Şirinevler Branch Şirinevler Mah. Fetih Cad. No: 19/A Şirinevler, Bahçelievler / İSTANBUL Tel: (212) 551 81 51 Fax: (216) 666 17 48</p>
<p>Güneşli Branch Güneşli Mah. Koçman Cad. No: 4A Güneşli/Bağcılar/İSTANBUL Tel: (212) 474 03 03 Fax: (216) 666 17 40</p>	<p>İkitelli Metro Branch İkitelli OSB Mah. Bağcılar Güngören Metro AVM A Blok Sok. Bağcılar Güngören Sanayi Sitesi AVM A Blok No: 1A/15 Başakşehir/İSTANBUL Tel: (212) 437 38 04 Fax: (216) 666 18 75</p>	<p>Karaköy Branch Müeyyedzade Mah. Kemeraltı Cad. No: 6/A Beyoğlu/İSTANBUL Tel: (212) 252 56 87 Fax: (216) 666 17 05</p>	<p>Kurtköy Branch Şeyhli Mah. Ankara Cad. No: 372A Pendik/İSTANBUL Tel: (216) 378 14 39 Fax: (216) 666 18 20</p>	<p>Mall of İstanbul Branch Ziya Gökalp Mah. Süleyman Demirel Bul. No: 9/29 Başakşehir/İSTANBUL Tel: (212) 549 37 77 Fax: (216) 666 18 37</p>	<p>Metrokent Branch Başak Mah. Yeşil Vadi Cad. Metrokent Sitesi D2 Blok No: 3/1Z Başakşehir/ İSTANBUL Tel: (212) 777 98 53 Fax: (216) 666 18 99</p>	<p>Sahrayıcedit Branch Sahrayıcedit Mah. Şemsettin Günaltay Cad. No: 238 A-B Kadıköy/İSTANBUL Tel: (216) 302 16 32 Fax: (216) 666 17 36</p>	<p>Soğanlık Branch Orta Mah. Atatürk Cad. No: 106A Kartal/İSTANBUL Tel: (0216) 266 07 95 Fax: (216) 666 89 30</p>
<p>Güngören Branch Merkez Mah. Posta Cad. No: 109/B 34164 Güngören/İSTANBUL Tel: (212) 539 03 80 Fax: (216) 666 18 01</p>	<p>İkitelli Organize Sanayi Branch İkitelli OSB Mah. 6. Cad. Beyaz Tower Blok No: 1/32 Başakşehir/ İSTANBUL Tel: (0212) 401 22 27 Fax: (216) 666 89 16</p>	<p>Kartal Branch Kordonboyu Mah. Ankara Cad. No: 110C Kartal/İSTANBUL Tel: (216) 473 60 05 Fax: (216) 666 17 56</p>	<p>Küçükbakkalköy Branch Küçükbakkalköy Mah. Fevzipaşa Cad. No: 43-45A Ataşehir/İSTANBUL Tel: (216) 576 89 99 Fax: (216) 666 18 33</p>	<p>Maltepe Branch Bağlarbaşı Mah. Bağdat Cad. No: 416A Maltepe/İSTANBUL Tel: (216) 370 14 70 Fax: (216) 666 17 43</p>	<p>Osmanbey Branch Meşrutiyet Mah. Halaskargazi Cad. No: 100A Şişli/İSTANBUL Tel: (212) 231 81 65 Fax: (216) 666 17 86</p>	<p>Sancaktepe Branch Meclis Mah. Katip Çelebi Cad. No: 1C Sancaktepe/İSTANBUL Tel: (216) 622 55 00 Fax: (216) 666 18 04</p>	<p>Sultanbeyli Branch Abdurrahman Gazi Mah. Bosna Bulvarı No: 4B Sultanbeyli/İSTANBUL Tel: (216) 419 37 00 Fax: (216) 666 17 41</p>
<p>Hadımköy Branch Akçaburgaz Mah. Hadımköy Yolu Cad. No: 184/2 Esenyurt/İSTANBUL Tel: (212) 886 19 10 Fax: (216) 666 17 98</p>	<p>İmes Branch İmes Sanayi Sitesi, A-Blok 104.Sk. No: 2 34776 Y.Dudullu, Ümraniye/İSTANBUL Tel: (216) 590 09 90 Fax: (216) 666 17 37</p>	<p>Kasımpaşa Branch Yahya Kahya Mah. Bahriye Cad. No: 32 Beyoğlu/İSTANBUL Tel: (0212) 931 78 36 Fax: (216) 666 89 20</p>		<p>Maslak Branch Maslak Mah. Büyükdere Cad. No: 255/ Z12 Maslak Sarıyer/İSTANBUL Tel: (212) 276 01 11 Fax: (216) 666 18 09</p>		<p>Sefaköy Branch Kartaltepe Mah. Halkalı Cad. No: 82A Küçükçekmece/İSTANBUL Tel: (212) 580 32 00 Fax: (216) 666 17 58</p>	<p>Sultançiftliği Branch Cebeci Mahallesi Eski Edirne Asfaltı Caddesi No: 672/A 34270 Sultangazi/ İSTANBUL Tel: (212) 475 53 40 Fax: (216) 666 17 94</p>



Directory

Sultanhamam Branch
Rüstempaşa Mah. Marpuççular Cad.
No: 26/A Fatih/İSTANBUL
Tel: (212) 519 64 30
Fax: (216) 666 17 23

Taksim Branch
Kuloğlu Mah. İstiklal Cad. No: 139
Beyoğlu/İSTANBUL
Tel: (0212) 939 21 59
Fax: (216) 666 89 22

Terazidere Branch
Terazidere Mah. Güneş Cad. No: 5-7
Bayrampaşa/İSTANBUL
Tel: (212) 501 28 76
Fax: (216) 666 18 97

Topçular Branch
Topçular Mah. Rami Kışla Cad.
No: 40-44/A Eyüpsultan/İSTANBUL
Tel: (212) 613 85 74
Fax: (216) 666 17 84

Topkapı Branch
Maltepe Mah. Gümüşsuyu Cad. No: 28
Dk:156 Zeytinburnu/İSTANBUL
Tel: (212) 565 95 03
Fax: (216) 666 18 38

Tuzla Sanayi Branch
Mescit Mah. Demokrasi Cad. A11 Blok
No: 3B/3 Tuzla/İSTANBUL
Tel: (216) 394 86 54
Fax: (216) 666 18 44

Ümraniye Branch
Atatürk Mah. Alemdağ Cad. No: 10-12A
34764 Ümraniye/İSTANBUL
Tel: (216) 443 66 35
Fax: (216) 666 17 18

Ümraniye Çarşı Branch
İstiklal Mah. Alemdağ Cad. No: 176A
Ümraniye/İSTANBUL
Tel: (216) 523 44 14
Fax: (216) 666 18 95

Üsküdar Branch
Mimar Sinan Mah. Hakimiyet-i Milliye
Cad. Molla Eşref Sok. No: 17-17/A
Üsküdar/İSTANBUL
Tel: (216) 532 89 39
Fax: (216) 666 17 35

Yavuzselim Branch
Ali Kuşçu Mah. Fevzipaşa Cad. No: 60
Fatih/İSTANBUL
Tel: (212) 532 92 52
Fax: (216) 666 18 93

Yenibosna Branch
Fevzi Çakmak Mah. Yıldırım Beyazıt
Cad. No:5 9-61A Bahçelievler/
İSTANBUL
Tel: (0212) 924 19 51
Fax: (216) 666 89 26

Yıldıztepe Bağcılar Branch
Yıldıztepe Mah. Bağcılar Cad. No: 102/B
Bağcılar/İSTANBUL
Tel: (0212) 931 65 61
Fax: (216) 666 89 17

Zeytinburnu Branch
Gökalp Mah. 58 Bulvar Cad. No: 12/A
Zeytinburnu/İSTANBUL
Tel: (212) 510 10 22
Fax: (216) 666 17 39

Other City and District Branches

Adana Branch
Kuruköprü Mah. İnönü Cad. No: 85A
Seyhan/ADANA
Tel: (322) 363 11 00
Fax: (216) 666 17 08

Adana Barkal Branch
Yeşiloba Mah. Turhan Cemal Beriker
Bul. Adana İş Merkezi Sit. A Blok
No: 443 L Seyhan/ADANA
Tel: (322) 429 78 78
Fax: (216) 666 17 79

Adana Çukurova Branch
Mahfesiğmaz Mah. Turgut Özal Bulvarı
No: 131/A Çukurova / ADANA
Tel: (322) 233 23 51
Fax: (216) 666 18 61

Adana Küçüksaat Branch
Sefaözlü Cad. No: 3/E 01060 Seyhan/
ADANA
Tel: (322) 351 20 00
Fax: (216) 666 17 96

Adana Organize Sanayi Branch
Adana Hacı Sabancı Organize Sanayi
Bölgesi OSB Turgut Özal Bulvarı No: 17
Sarıçam/ADANA
Tel: (322) 394 53 29
Fax: (216) 666 18 39

Adana Commercial Main Branch
Kuruköprü Mah. İnönü Cad. No: 85A
Seyhan/ADANA
Tel: (0322) 999 14 86
Fax: (216) 666 89 33

Adıyaman Branch
Hocaömer Mah. Atatürk Cad. No: 6/A
Merkez/ADİYAMAN
Tel: (416) 213 60 84
Fax: (216) 666 18 26

Afyonkarahisar Branch
Marulcu Mah. Kadınana Cad. No: 24/B
Merkez/AFYONKARAHİSAR
Tel: (272) 214 10 14
Fax: (216) 666 17 62

Aksaray Branch
Minarecik Mah. 44/Mehmet Altınsoy
Cad. No: 27A/A Merkez/AKSARAY
Tel: (382) 212 12 71
Fax: (216) 666 17 91

Amasya Branch
Dere Mah. Mustafa Kemal Paşa Cad.
No: 9A Merkez/AMASYA
Tel: (358) 218 07 03
Fax: (216) 666 89 12

Ankara Branch
Kızılay Mah. Atatürk Bulvarı No: 70B
Çankaya/ANKARA
Tel: (312) 430 53 20
Fax: (216) 666 17 02

Ankara/Bakanlıklar Branch
Kavaklıdere Mah. Atatürk Bulvarı
No: 165/A Çankaya/ANKARA
Tel: (312) 417 70 33
Fax: (216) 666 18 03

Ankara/Balgat Branch
Ehlibeyt Mah. Tekstilciler Cad. No: 1D
06520 Balgat, Çankaya/ANKARA
Tel: (312) 472 40 30
Fax: (216) 666 17 42

Ankara/Cebeci Branch
Demirlibahçe Mah. Talatpaşa Bulvarı
No: 173/B Mamak/ANKARA
Tel: (312) 363 30 11
Fax: (216) 666 18 64

Ankara/Çukurambar Branch
Kızılırmak Mah. Muhsin Yazıcıoğlu
Cad. No: 17/8 Çukurambar Çankaya/
ANKARA
Tel: (312) 287 44 02
Fax: (216) 666 18 91

Ankara/Etimesgut Branch
Kazım Karabekir Mah. İstasyon Cad.
No: 51A Etimesgut/ANKARA
Tel: (312) 245 57 00
Fax: (216) 666 18 68

Ankara/Etlük Branch
İncirli Mah. Yunus Emre Cad. No: 5/A
Etlük Keçiören/ANKARA
Tel: (312) 325 91 91
Fax: (216) 666 17 59

Ankara/İvedik Branch
İvedik OSB Mah. Melih Gökçek Bulvarı
No: 63/156 Yenimahalle/ANKARA
Tel: (312) 394 70 05
Fax: (216) 666 18 07

Ankara/Keçiören Branch
Bağlarbaşı Mah. Kızılarpınarı Cd.
No: 104/A Keçiören/ANKARA
Tel: (312) 314 14 14
Fax: (216) 666 18 28

Ankara/Ostim Branch
Ostim OSB Mah. 100. Yıl Bulvarı No: 3
06370 Ostim, Yenimahalle/ANKARA
Tel: (312) 385 79 01
Fax: (216) 666 17 31

Ankara/Pursaklar Branch
Merkez Mah. Yunus Emre Cad. No: 15/A
Pursaklar/ANKARA
Tel: (312) 527 00 93
Fax: (216) 666 18 73

Ankara/Sincan Branch
Atatürk Mah. Ankara Cad. No: 23/2
06930 Sincan/ANKARA
Tel: (312) 270 99 88
Fax: (216) 666 17 64

Ankara/Siteler Branch
Önder Mah. Karacakaya Cad. No: 73A
06160 Siteler Altındağ/ANKARA
Tel: (312) 353 49 50
Fax: (216) 666 17 14

Ankara/Şaşmaz Branch
Bahçekapı Mah. Sanayi Bulvarı No: 16C
Etimesgut/ANKARA
Tel: (312) 278 32 42
Fax: (216) 666 18 06

Ankara/Timko Sanayi Sitesi Branch
Macun Mah. 177 Cadde No: 19 C/7
Yenimahalle/ANKARA
Tel: (312) 666 56 31
Fax: (216) 666 89 24

Ankara/Turan Güneş Branch
Yıldızevler Mah. Turan Güneş Bulvarı
No: 54/B 06500 Çankaya/ANKARA
Tel: (312) 443 07 65
Fax: (216) 666 17 90

Ankara/Ulus Branch
Kale Mah. Anafartalar Cad. No: 59
06250 Ulus Altındağ/ANKARA
Tel: (312) 324 65 70
Fax: (216) 666 17 89

Ankara/Ümitköy Branch
Prof. Dr. Ahmet Taner Kışlalı Mah.
S. Saltoğlu Bulvarı No: 35/7
Çankaya/ANKARA
Tel: (312) 241 60 00
Fax: (216) 666 17 87

Antalya Branch
Elmalı Mah. Hasan Subaşı Cad.
No: 35/E 07100 Muratpaşa/ANTALYA
Tel: (242) 247 46 12
Fax: (216) 666 17 21

Antalya/Alanya Branch
Kadıpaşa Mah. Şevket Tokuş Cad.
No: 59/C Alanya/ANTALYA
Tel: (242) 512 15 40
Fax: (216) 666 89 10

Antalya/Çallı Branch
Fabrikalar Mah. Namık Kemal Bulvarı
No: 7A Kepez/ANTALYA
Tel: (242) 344 45 05
Fax: (216) 666 18 15

Antalya/Konyaaltı Branch
Arapsuyu Mah. Atatürk Bulvarı No: 23C
Konyaaltı/ANTALYA
Tel: (242) 290 99 19
Fax: (216) 666 18 49

Aydın Branch
Cumhuriyet Mah. Cumhuriyet Cad.
No: 12/21 Efeler/AYDIN
Tel: (256) 213 48 38
Fax: (216) 666 17 66

Balıkesir Branch
Dumlupınar Mah. Anafartalar Caddesi
No: 34/C Karesi/BALIKESİR
Tel: (266) 243 73 33
Fax: (216) 666 17 22

Balıkesir/Bandırma Branch
Dere Mah. İsmet İnönü Cad. No: 4
Bandırma/BALIKESİR
Tel: (266) 714 43 30
Fax: (216) 666 18 88



Directory

Batman Branch

Şirinevler Mah. Atatürk Bulvarı No: 40A
Merkez/BATMAN
Tel: (488) 215 26 42
Fax: (216) 666 17 72

Bolu Branch

Büyük Cami Mah. İzzet Baysal Cad.
No: 97A Merkez/BOLU
Tel: (374) 218 12 92
Fax: (216) 666 18 23

Bursa Branch

Reyhan Mah. Haşim İşcan Cad. No: 6
Osmangazi/BURSA
Tel: (224) 220 97 60
Fax: (216) 666 17 04

Bursa/Demirtaş Branch

Altınova Mah. İstanbul Cad. No: 428D
Osmangazi/BURSA
Tel: (224) 211 26 11
Fax: (216) 666 18 56

Bursa/FSM Bulvarı Branch

Fethiye Mah. Fatih Sultan Mehmet
Bulvarı No: 199A Nilüfer/BURSA
Tel: (0224) 909 00 37
Fax: (216) 666 89 25

Bursa/İnegöl Branch

Kemalpaşa Mah. Atatürk Bulvarı
No: 12/A İnegöl/BURSA
Tel: (224) 716 04 90
Fax: (216) 666 18 55

Bursa/Kestel Bursa Branch

Ahmet Vefik Paşa OSB Mah. Bursa Cad.
No: 75B/2 Kestel/BURSA
Tel: (224) 372 75 87
Fax: (216) 666 18 40

Bursa/Beşevler Sanayi Branch

Üçevler Mah. Nilüfer Cad. Küçük Sanayi
No: 4/1 Nilüfer/BURSA
Tel: (224) 443 74 00
Fax: (216) 666 17 95

Bursa/Uludağ Branch

Anadolu Mah. Ankarayolu Cad. No: 73
Yıldırım/BURSA
Tel: (224) 272 59 00
Fax: (216) 666 17 38

Bursa/Yeniyol Branch

Alacamescit Mah. İnönü Cad. No: 33
Osmangazi/BURSA
Tel: (0224) 999 88 60
Fax: (216) 666 89 19

Çanakkale Branch

Kemalpaşa Mah. Çarşı Cad. No: 139/1
Merkez/ÇANAKKALE
Tel: (286) 214 40 82
Fax: (216) 666 18 08

Çankırı Branch

Cumhuriyet Mah. Necip Fazıl Kısakürek
Sok. No: 32/C Merkez/ÇANKIRI
Tel: (376) 212 72 51
Fax: (216) 666 18 63

Çorum Branch

Çepni Mah. İnönü Cad. No: 23 Merkez/
ÇORUM
Tel: (364) 224 19 11
Fax: (216) 666 17 63

Denizli Branch

Saraylar Mah. 2. Ticari Yol Cad. No: 43/1 20100 Merkezefendi/DENİZLİ
Tel: (258) 242 00 25
Fax: (216) 666 17 33

Denizli/Sanayi Branch

İlbade Mah. Örnek Cad. No: 167A/1
Merkezefendi/DENİZLİ
Tel: (258) 372 01 25
Fax: (216) 666 18 79

Diyarbakır Branch

Kooperatifler Mah. Akkoyunlu Bulvarı
No: 25/B Yenişehir/DİYARBAKIR
Tel: (412) 224 75 30
Fax: (216) 666 17 32

Diyarbakır/Kayapınar Branch

Peyas Mah. Urfa Bulv. Rema Sitesi
No: 128/B Kayapınar/DİYARBAKIR
Tel: (412) 251 31 33
Fax: (216) 666 18 16

Düzce Branch

Burhaniye Mah. Bolu Cad. No: 3A
Düzce/DÜZCE
Tel: (380) 512 08 51
Fax: (216) 666 17 61

Edirne Branch

Sabuni Mah. Çilingirler Cad. No: 17
Merkez/EDİRNE
Tel: (284) 212 02 65
Fax: (216) 666 89 08

Elazığ Branch

İcadiye Mah. Hürriyet Cad. No: 25/1
Merkez/ELAZIĞ
Tel: (424) 212 47 24
Fax: (216) 666 17 60

Erzincan Branch

Atatürk Mah. Fevzipaşa Cad. No: 31/Z1
Merkez/ERZİNCAN
Tel: (0446) 999 16 27
Fax: (216) 666 89 18

Erzurum Branch

Kazım Karabekir Paşa Mah. Orhan
Şerifsoy Cad. No: 32/D Yakutiye/
ERZURUM
Tel: (442) 213 24 76
Fax: (216) 666 17 54

Eskişehir Branch

Cumhuriyet Mah. Sakarya - 1 Cad.
No: 7/C Tepebaşı/ESKİŞEHİR
Tel: (222) 231 36 66
Fax: (216) 666 17 50

Gaziantep Branch

Karagöz Mah. Suburcu Cad. No: 4/1
Şahinbey/GAZİANTEP
Tel: (342) 230 91 68
Fax: (216) 666 17 09

Gaziantep/Gatem Branch

Sanayi Mah. Erdoğan Ergönül Cad.
No: 41/1 Şehitkamil/GAZİANTEP
Cad. No: 342) 238 17 33
Fax: (216) 666 18 87

Gaziantep/Organize Sanayi Branch

Başpınar OSB Mah. OSB 2. Bölge Celal
Doğan Bulvarı No: 71A/59 Şehitkamil/
GAZİANTEP
Tel: (342) 337 87 87
Fax: (216) 666 18 71

Gaziantep/Şehitkamil Branch

İncilipınar Mah. Prof. Muammer
Aksoy Bulvarı No: 19E/A Şehitkamil/
GAZİANTEP
Tel: (342) 215 36 51
Fax: (216) 666 18 19

Gaziantep/Commercial Main Branch

İncilipınar Mah. Prof. Muammer Aksoy
Bulvarı No: 19E Şehitkamil/GAZİANTEP
Tel: (342) 909 99 54
Fax: (216) 666 89 32

Giresun Branch

Hacı Miktat Mah. Fatih Cad.
No: 26-30C Merkez/GİRESUN
Tel: (454) 213 30 01
Fax: (216) 666 18 35

Hatay/Antakya Branch

Haraparası Mah. Yavuz Sultan Selim
Cad. No:13A Antakya/HATAY
Tel: (326) 225 12 26
Fax: (216) 666 18 47

Hatay/İskenderun Branch

Savaş Mah. Mareşal Çakmak Cad. No: 4
31200 İskenderun/HATAY
Tel: (326) 614 68 60
Fax: (216) 666 18 00

Isparta Branch

Yayla Mah.118 Cad. No: 11/B Merkez/
ISPARTA
Tel: (246) 223 47 42
Fax: (216) 666 17 74

İzmir Branch

Akdeniz Mah. Fezvipaşa Bulvarı
No: 51/A 35210 Konak/İZMİR
Tel: (232) 441 21 61
Fax: (216) 666 17 03

İzmir/Bornova Branch

Erzene Mah. Kazım Karabekir Cad.
No: 5/A 35040 Bornova/İZMİR
Tel: (232) 342 43 23
Fax: (216) 666 17 97

İzmir/Çiğli Branch

Şirintepe Mah. Anadolu Caddesi
No: 780 35640 Çiğli/İZMİR
Tel: (232) 386 10 13
Fax: (216) 666 18 14

İzmir/Aegean Commercial Main

Akdeniz Mah. Fezvipaşa Bulvarı No: 51A
Konak/İZMİR
Tel: (232) 436 47 72
Fax: (216) 666 18 77

İzmir/Gıda Çarşısı Branch

Halkapınar Mah. 1203/1 Sok. No: 21
Gıda Çarşısı Yenişehir Konak/İZMİR
Tel: (232) 469 14 03
Fax: (216) 666 18 53

İzmir/Karabağlar Branch

Aşık Veysel Mah. Yeşillik Cad.
No: 437-441A Karabağlar/İZMİR
Tel: (232) 237 27 81
Fax: (216) 666 17 47

İzmir/Kemalpaşa Branch

Sekiz Eylül Mah. İzmir Cad. No: 22/A
Kemalpaşa/İZMİR
Tel: (232) 878 31 38
Fax: (216) 666 18 57

Kahramanmaraş Branch

Yenişehir Mah. Cumhuriyet Bulvarı
No: 4B Dulkadiroğlu/
KAHRAMANMARAŞ
Tel: (344) 225 49 26
Fax: (216) 666 17 17

Karabük Branch

Bayır Mah. Kemal Güneş Cad. No: 96
Merkez/KARABÜK
Tel: (370) 415 66 33
Fax: (216) 666 18 05



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Fax: (216) 666 18 48

Uşak Branch

İslice Mah. İsmetpaşa Cad. No: 45/A
Merkez/UŞAK
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Müftü Mah. Devrim Bulvarı No: 9/A
Ereğli/ZONGULDAK
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Fax: (216) 666 17 76

Foreign Branches

Arbil Branch

Heva Grup Ofisi Karşısı 60. Cadde
İskan/ERBİL/IRAK 60Mt. Street. Across
to Hewa Group Iskan/ARBIL/IRAQ
Tel: +964.750.370.98.90
Mobile: +964.750.163.96.59

Baghdad Branch

Davudi 609 Mahallesi 18. Cadde (14
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Nahiyesi, Al Kerh Kazası Bağdat/IRAK
Al Mansour 14th Ramadan St. Building
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