

We know that it is the values that make people human and make them strong.

For this reason, for 35 years, we have held in high esteem the values that our people place importance on such as their sincerity and their propensity to share and save. We built our corporate culture accordingly.

As Turkey's first participation bank, we have continuously renewed ourselves in order to shape the future while prioritizing the traditions. Because we have a goal that we pursue with big and firm steps: To be the best participation bank in the world!

From Tradition to
Future

35th year

our main competitive advantages

SUCCESS FORMULA:

EXPERIENCE + PERFORMANCE + TRUST

Strong Shareholding Structure

Albaraka Türk takes firm steps towards the future, powered by its parent company, Albaraka Banking Group's experience and expertise in international banking.

Superior Quality Standards

Holding the ISO 9001: 2008 Quality Certificate and the 22301 Business Continuity Certificate, Albaraka Türk executes all its services in accordance with international banking standards.

Extensive Service Network

Boasting a widespread service network composed of 230 branches and alternative distribution channels, Albaraka Türk is focused on adding continuous value to its stakeholders and to Turkey's economy.

Most Experienced Player in the Participation Banking Sector

Turkey's first participation bank, Albaraka Türk, with more than 30 years of experience, its vision, expert human resources, and advanced technological capabilities, is the strongest representative of participation banking in the country.



achievements in 2019

18.1%
market share
in assets
among all
participation
banks



Some indicators
that strengthen
our future

We increased our
total assets by
21.7%

Our total
shareholders'
equity reached
TL **3,822**
million

Our capital
adequacy ratio
stands at
15.0%

We have become
the symbol of trust
with the increase in
collected funds rate
38.9%

In 2019 our net fees
and commissions
income rose by
51.3%

Albaraka Türk
makes a difference
in the sector

with its

**digital
breakthroughs**



alBaraka

GARAJ

STARTUP
HIZLANDIRMA
MERKEZİ

value for our future

The 3rd Acceleration Period, which we initiated with Albaraka Garage, the world's first start-up acceleration center in participation banking, in order to support ventures with innovative projects, started with its new group of entrepreneurs. 14 entrepreneurs reached the finishing rope among a high number of applicants and earned the opportunity to take advantage of the Albaraka Garage Acceleration Program for nine months.



value for producers

We continue to support SMEs which are the driving force of the economy. We offer convenient solutions that make life easier with the low-profit "SME Support Financing Campaign," with Business Card and Platinum Card, as well as Logo, Mikro, Uyumsoft, Bizim Account and accounting integrations.



alneo

1oz

4^{CH}

7^{PR}

F

value for our customers

ALNEO, which is Turkey's first artificial intelligence-supported, easy and fast payment platform and is comprised of the applications "POS" for SMEs and "Wallet" for customers of SMEs, is available for use by all customers through Play Store and App Store.



value for our employees

As Albaraka Türk, we have participated in the Great Place to Work Recognition Program, which is the first step of our journey of trust that we started with the aim of creating a better corporate culture and building a workplace culture that is worthy of participation banking together with our employees. As a result of our efforts within the scope of the program, we were entitled to receive the “Best Employers Certificate” by the Great Place to the Work platform.



value for our traditions

We take it as our duty to protect our cultural values, especially Turkish-Islamic arts. Through International Calligraphy Competitions, we carry out various works such as exhibitions and publications with the aim of ensuring the continuity of this fine art, handing it down to the next generations without corruption and increasing interest in our traditional arts.

2019

01

INTRODUCTION

- 13 Annual General Meeting Agenda
- 14 Our Vision, Our Mission, Our Quality Policy and Our Fundamental Corporate Values
- 16 Corporate Profile
- 18 Financial Indicators
- 20 Financial Ratios
- 21 Capital and Shareholding Structure
- 22 Albaraka Türk's Position in the Sector
- 23 Amendments to the Articles of Incorporation
- 24 Board of Directors Resolution
- 26 Albaraka Türk's Milestones
- 28 Letter from the Chairman
- 30 Message from the CEO
- 32 Macroeconomic and Sectoral Outlook
- 34 Assessment of Our Activities in 2019
- 63 Annual Report Compliance Opinion

02

MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

- 64 Board of Directors
- 69 Senior Management
- 72 Organizational Chart
- 74 Information on the Bank's Board of Directors and Senior Management
- 75 Committees and Committee Meetings Attendance
- 80 Summary of the Board of Directors' Annual Report
- 81 Support Services Received in Accordance with the Regulation on Support Services for Banks and Authorization of Companies to Provide These Services
- 81 Transactions with the Bank's Risk Group
- 82 Corporate Governance Principles Compliance Report

03

EVALUATIONS ON FINANCIAL INFORMATION AND RISK MANAGEMENT

- 98 Summary Financial Information for the Five-Year Period
- 99 Assessment of Financial Situation, Profitability and Solvency
- 100 Risk Management
- 102 Assessment of Internal Control, Internal Audit and Risk Management Systems by the Audit Committee
- 104 Albaraka Türk's Ratings by International Credit Rating Agencies
- 105 Reserve Policy
- 106 Advisory Board Report
- 107 Unconsolidated Financial Statements and Related Disclosures at December 31, 2019 Together with Independent Report
- 229 Consolidated Financial Statements and Related Disclosures at December 31, 2019 Together with Independent Auditors' Report
- 354 Contact

ANNUAL GENERAL MEETING AGENDA

BOARD OF DIRECTORS' RESOLUTIONS

SESSION NR. : 2066
 DATE : February 19, 2020
 PARTICIPANTS : The members undersigned.
 ABSENTEES : None

The Board of Directors of Albaraka Türk Participation Bank has adopted the following resolutions:

RESOLUTIONS:

1. The Board of Directors (BoD) DECIDED that the ordinary Annual General Assembly of Albaraka Türk Participation Bank (ABAT) shall be held on 26 March 2020 (Thursday), at 10:00, in the Company Head Office, located in Istanbul at Saray Mah, Dr. Adnan Büyükdenez Cad. No:6, Ümraniye 34768, in order to discuss the issues in its Agenda as inscribed here below.
2. Also, the Information Document on 2019 General Assembly and the Procedures on Participation to General Assembly, as prepared by ABAT Head Office, have been APPROVED for the announcement to shareholders through our web page.

AGENDA:

1. Inauguration; formation of the Presiding Council.
2. Authorizing the Presiding Council to sign the general assembly minutes of the meeting.
3. Reading and discussing the Annual Report of the BoD about the fiscal year 2019.
4. Reading and discussing Auditor reports.
5. Reading, discussing and approving the Financial Statements.
6. Acquitting the Members of the BoD.
7. Discussing the BoD proposal about the utilization and distribution of the annual profit and dividends (ratios of sharing).
8. Discussing the fiscal rights and benefits of the Board members such as salary & wages, per diems, bonus & premiums and alike.
9. Electing new members for the BoD, as the offices of our current directors will expire; and determining their new terms of office.
10. Electing the Auditor.
11. In accordance with the Communiqué on Compliance with Principles and Standards of Participation Banking, submitting the Participation Banking Consultancy Committee members appointed by the Board of Directors for the approval of the General Assembly.
12. Permitting members of the BoD with respect to articles 395 and 396 of the Turkish Commercial Code.
13. Authorizing the Board of Directors within the framework of paragraph 10 of the article 6 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.
14. Approving within the scope of the article 19/2 of Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside.
15. Presenting information to shareholders on the subjects held in the Capital Markets Board (CMB) Corporate Governance Communiqué principle no. 1.3.6.
16. Presenting information to the General Assembly about operations effected in the scope of the Buy-back Program for bank's own shares in 2019,
17. Presenting information to the General Assembly about donations made by the bank in 2019,
18. Remarks and requests.

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

Adnan Ahmed Yusuf ABDULMALEK
Chairman

Osman AKYÜZ
Vice Chairman

Hamad Abdulla Ali ALOQAB
Board Member

Kemal VAROL
Board Member

Ibrahim Fayez Humaid ALSHAMSI
Board Member

Mustafa BÜYÜKABACI
Board Member

Fahad Abdullah A. ALRAJHI
Board Member

Süleyman KALKAN
Board Member

Muhammad Zarrug M. RAJAB
Board Member

Mehmet ASUTAY
Board Member

Khaled Abdulla Mohamed ATEEQ
Board Member

Melikşah UTKU
Board Member and General Manager

OUR VISION

becoming
the best participation
bank
in the world

OUR MISSION

To remain committed to the principles of interest-free banking, our core values and the ethical principles of banking; to meet the financial needs of society by sharing our common benefits with customers, employees and shareholders who participate in our success.

OUR QUALITY POLICY

With employees who are well-trained, embrace quality as a way of life and continuously renew themselves:

- » Offer products and services to meet the current and future expectations of our customers;
- » Boost our customer satisfaction through "personalized customer attention" and a "cheerful service" approach;
- » Continuously improve all our business processes as well as our product and service quality;
- » Keep a close watch on technology and business developments and rapidly transform them into added value.

OUR FUNDAMENTAL CORPORATE VALUES

Collaboration

- » Growing by sharing the value created with shareholders, employees, customers and the society,
- » Establishing strong, long-term relationships with stakeholders,
- » Ensuring continuous development of knowledge and skills of employees, and
- » Supporting growth of the participation banking and banking sector.

Focus

- » Utilizing our resources in productive projects, and
- » Converting our energy and perseverance into social value and making a positive impact on the lives of our customers for the greater good of society.

Sincerity

- » Valuing our customers and always offering friendly service, and
- » Providing utmost customer satisfaction through our products and services in line with our customer-oriented approach.

Solidity

- » Adhering to participation banking principles and banking ethics while allocating resources for the economy, and
- » Managing our customers' financial interests with the highest ethical standards.

Social Responsibility

- » Supporting economic development to improve society's living standards while moving forward to increase our Bank's value, and implementing environmentally-friendly policies in line with legal and regulatory requirements while also contributing to numerous social and cultural projects.

**CORPORATE
PROFILE**

The Bank that **Adds** **Value** to the Savings of its Customers...

Turkey's first participation bank Albaraka Türk carried its consistent corporate development to the 2019 operating period.

Turkey's First Participation Bank

Albaraka Türk, which is the first participation bank of our country and the only participation bank traded on Borsa Istanbul, has achieved significant success in the year 2019 thanks to its over 30 years of experience, vision, expert human resources and technological competence.

Reassuring Partnership Structure

Albaraka Türk was founded via a synergy of Albaraka Banking Group (ABG), one of the most distinguished groups operating in the Middle Eastern finance sector, Islamic Development Bank (IDB), and a domestic industry group which has been operating in the Turkish economy for over half a century.

As the main shareholder of the Bank, Albaraka Banking Group enables the Bank to focus on the future with more ambitious targets thanks to its robust capital structure. As of December 31, 2019, the share of foreign shareholders is 65.87%, the share of domestic shareholders is 8.91% and the free-float ratio is 25.22%.

Continuously Growing and Renewing Service Network

Focusing on continuous development in order to reinforce stakeholder confidence in Turkey, Albaraka Türk offers a seamless experience through its extensive service network comprised of 230 branch locations spread across the country as well as alternative distribution channels.

The Bank's customer relationship management approach is based on "experience-performance-trust" – a proven formula for success. Albaraka Türk's entire business model, which is centered around collaboration and trust, is continuously reinforced by the Bank's commitment to fully understand its clients and provide them with tailored solutions.

Professional Management Approach to Risks...

With its professional approach to corporate governance that provides agility in the face of risks and boasting key competitive advantages that include advanced technology infrastructure and well-trained personnel, Albaraka Türk not only delivers modern banking

services to savings holders and investors but also accelerates Turkey's sustainable development.

Albaraka Türk supports the real economy by effectively fulfilling its mission of financing of production and trade in line with the principles of participation banking. The Bank channels funds collected through private current accounts and participation accounts towards the real economy via services such as retail finance, corporate finance, leasing and profit/loss sharing on the basis of individual projects. The Bank financially supports the development of SMEs, which are the dynamo of the Turkish economy, and their contribution to economic development.

Regional Solution Partner of the Turkish Private Sector...

Powered by its main shareholder Albaraka Banking Group's solid capital structure, Albaraka Türk is among the most important financial partners of Turkish industrialists and investors in global markets. The Bank operates a branch in Erbil, Iraq, and is taking firm steps towards becoming a regional financial power in the Gulf, Middle East and North Africa.

Total assets of Albaraka Banking Group USD

26.3

billion

24/7 Flawless Service...

Meeting the changing needs and expectations of its customers in line with its principle of unconditional customer satisfaction, Albaraka Türk bolsters its high service standards with a sincere and friendly service approach. The Bank conducts all its business processes in line with the ISO 9001: 2008 Quality Certification. In 2015, the Bank took a big step to ensure the continuous operation of business processes by obtaining ISO 22301 Business Continuity Certification.

"Becoming the Best Participation Bank in the World" Goal...

To achieve its vision of "Becoming the Best Participation Bank in the World," Albaraka Türk successfully expends efforts to deliver all its physical branch services via end-to-end digital solutions. Firmly committed to supporting start-up investments, Albaraka Türk provides a significant contribution to the development of the entrepreneurial ecosystem in Turkey by offering incubation and acceleration support to entrepreneurs with technology-based business ideas and projects, via Albaraka Garage – a first among participation banks.

A Global Brand in the Finance Sector: Albaraka Banking Group (ABG)

One of the leading proponents of interest-free banking in the global finance industry, Albaraka Banking Group (ABG) delivers retail, corporate and investment banking services in line with the principles of participation banking. ABG has a high brand reputation on a global scale and its core strategic objective is to provide service with its "One Mission – One Vision – One Identity" approach by creating a shared corporate values system.



Access to Three Continents...

ABG operates with its subsidiaries and representative offices on three continents on a global scale with sound financing opportunities. ABG provides quality and uninterrupted services in 17 countries with 12 banks, two representative offices and an investment firm. In addition to Turkey, ABG has banking institutions in Bahrain, Algeria, South Africa, Lebanon, Egypt, Pakistan, Sudan, Syria, Morocco, Tunisia and Jordan; an investment company in Saudi Arabia; a branch in Iraq; digital bank in Germany and representative offices in Indonesia and Libya. As of the end-2019, Albaraka Bank has a total of 703 branches and 12,662 employees.

Total Shareholder's Equity of USD 2,323 million

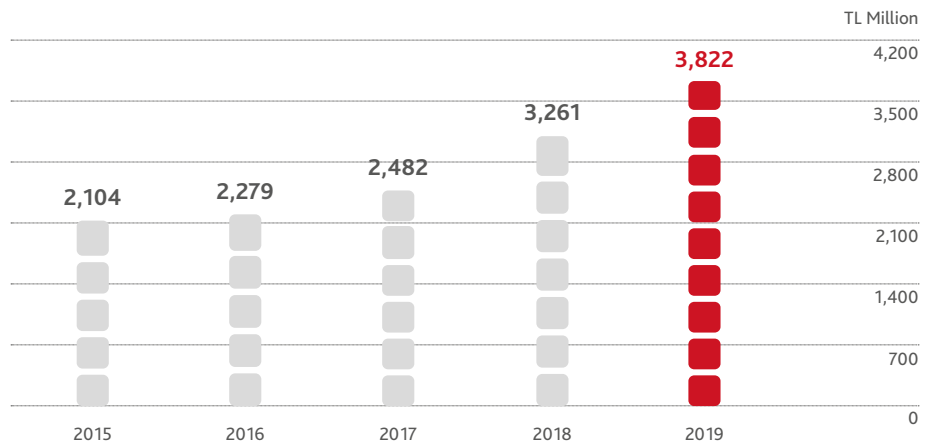
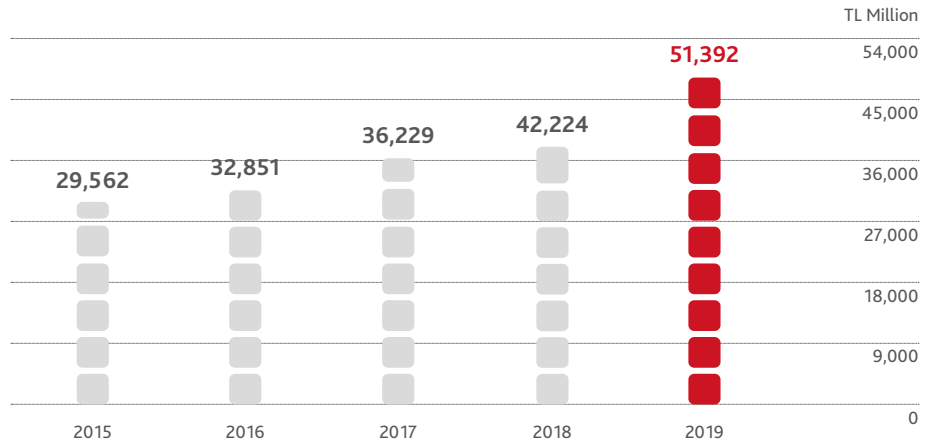
As of the end-2019, Albaraka Banking Group has total assets of USD 26,259 million and shareholders' equity of USD 2,323 million. Reinforcing stakeholder trust with its sustainable profitability, the Group's net profit as of the end of 2019 was USD 180 million. The Group, whose shares are traded on the Bahrain and NASDAQ Dubai stock exchanges, was rated by Standard & Poor's with long-term and short-term credit ratings of BB and B, respectively. ABG conducts its business activities within the framework of the Al Baraka Social Responsibility Program. ABG also published its Sustainability and Social Responsibility Report in the 2019 operating period. The Group annually presents its progress report to stakeholders in accordance with the UN Global Compact.

FINANCIAL
INDICATORS

We achieved

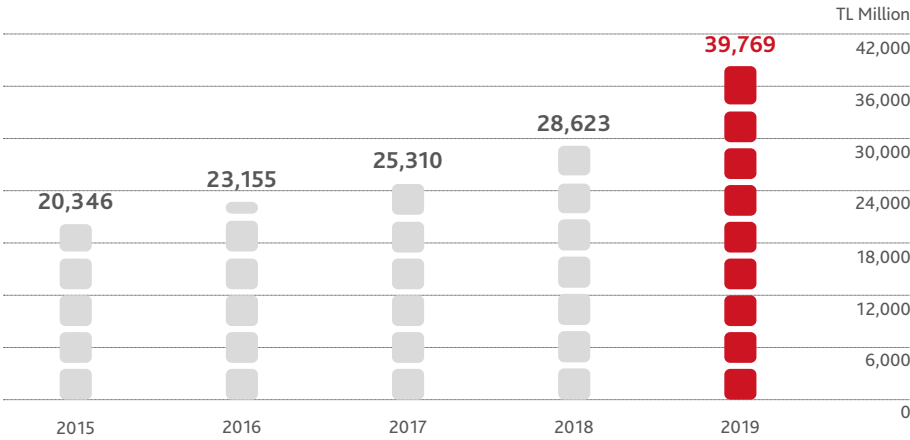
new

SUCCESSSES

with our sustainable
financial performance.Total assets
reached TL51.4
billion.Total shareholders'
equity increased
to TL3.8
billion.

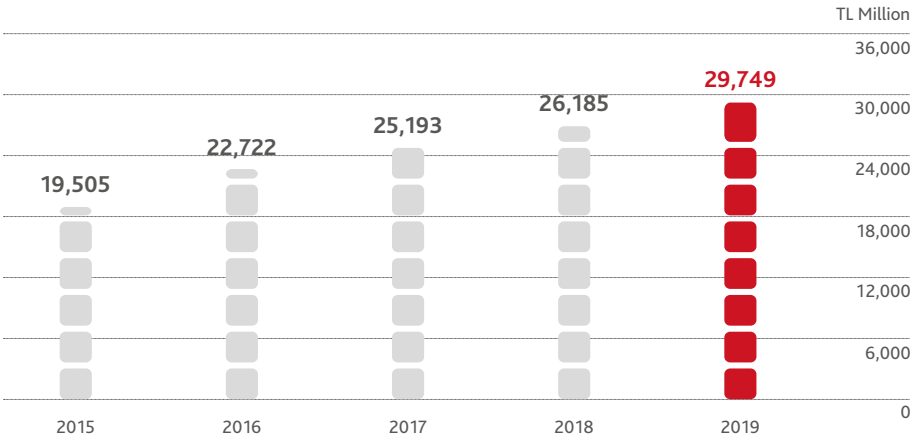
Funds collected
reached TL

39.8
billion.



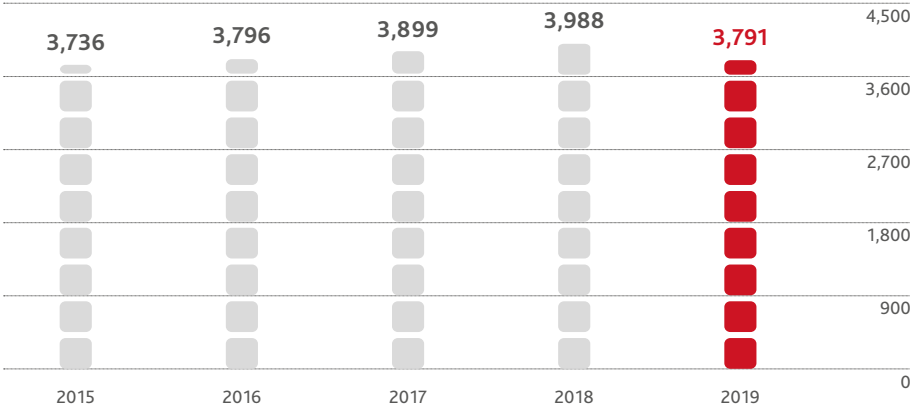
Funded credits
increased to TL

29.7
billion.



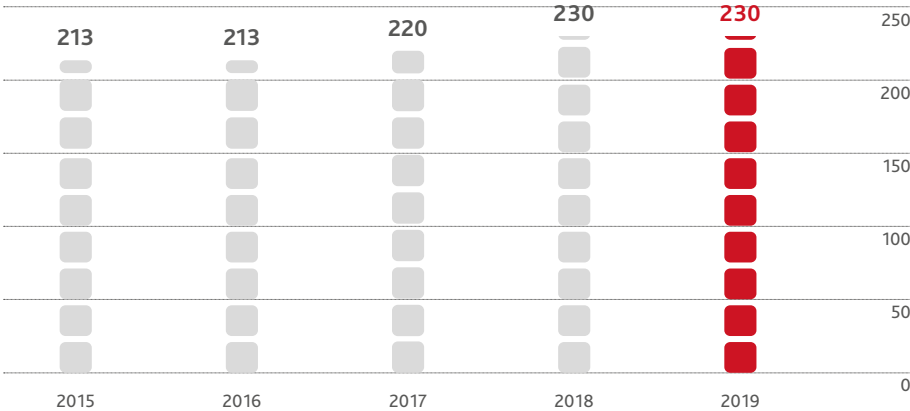
Total number of
personnel reached

3,791



Total number of
branches reached

230



FINANCIAL RATIOS

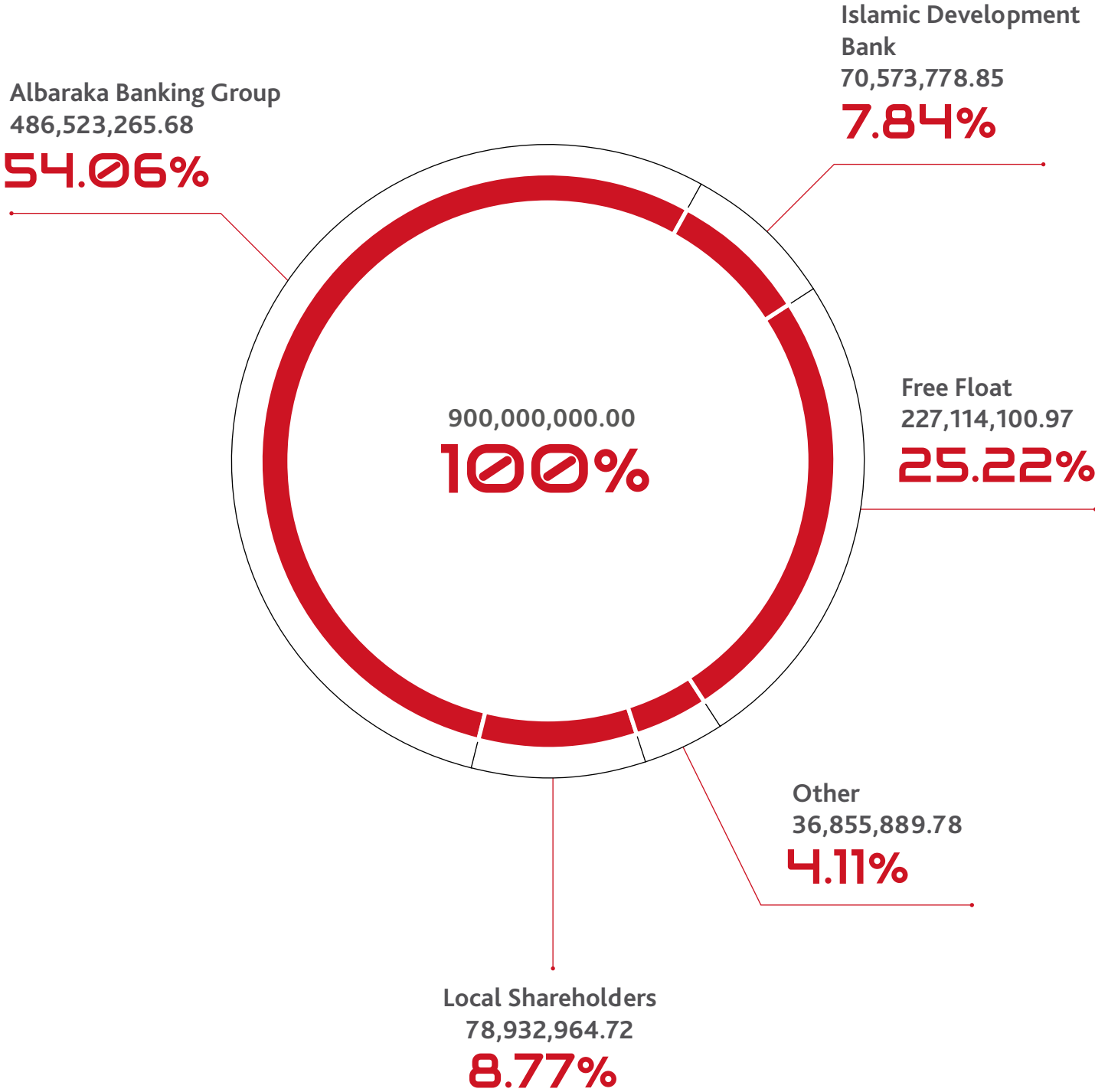
The capital
adequacy
ratio is **14.97%.**

Financial Ratios (%)	2015	2016	2017	2018	2019
Funded Credits/Total Assets	66.0	69.2	69.5	62.0	57.9
Funded Credits/Funds Collected	95.9	98.1	99.5	91.5	74.8
Funds Collected/Total Assets	68.8	70.5	69.9	67.8	77.4
NPL Ratio	2.4	4.7	4.7	6.9	7.2
Net NPL Ratio	0.9	2.3	2.0	3.6	4.1
NPL Reserve Coverage Ratio	60.0	52.3	57.7	47.3	42.6
Capital Adequacy Ratio	15.3	13.5	17.1	14.7	15.0

* Includes financial leasing.

**CAPITAL AND
SHAREHOLDING
STRUCTURE**

Albaraka Türk continued its progress in the 2019 activity period, drawing on strength from its solid partnership structure.



**ALBARAKA TÜRK'S
POSITION IN THE
SECTOR**

The market share of our
asset size
among participation banks is
18.1%.

Industry Growth (%)	2017-2018			2018-2019		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Total Assets	16.5%	29.2%	18.7%	21.7%	37.5%	16.1%
Funded Credits	3.9%	21.6%	16.1%	13.6%	26.9%	21.3%
Funds Collected	13.1%	30.3%	19.9%	38.9%	56.7%	24.2%

Market Shares (%)	2018			2019		
	Albaraka Türk/ Participation Banks	Albaraka Türk/ Banking Sector	Participation Banks/ Banking Sector	Albaraka Türk/ Participation Banks	Albaraka Türk/ Banking Sector	Participation Banks/ Banking Sector
Total Assets	20.4%	1.09%	5.35%	18.1%	1.14%	6.33%
Funded Credits	19.4%	1.03%	5.32%	17.4%	1.04%	6.02%
Funds Collected	20.5%	1.32%	6.46%	18.2%	1.48%	8.15%

AMENDMENTS TO THE ARTICLES OF INCORPORATION

OLD TEXT

Bank's Capital Article 7:

- (1) The Bank has adopted the registered capital system in accordance with the provisions of the Capital Markets Law and has transferred to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259.
- (2) The registered capital ceiling of the Bank is TL 2,500,00,000 TL and divided into 2,500,000,000 (Two billion five hundred million) registered shares, each with a nominal value of 1 Turkish Lira.
- (3) The registered capital ceiling permission given by the Capital Markets Board is valid for 2017-2021 (5 years). Even if the registered capital ceiling at the end of 2021 has not been reached, in order for the Board of Directors to take a capital increase decision after 2021; It is obligatory to obtain authorization from the General Assembly for a new period, not exceeding 5 years, by obtaining permission from the Capital Markets Board for the previously allowed ceiling or a new ceiling amount. In the event of failure to obtain the said authorization, the Bank shall be deemed to have exited the registered capital system.
- (4) The issued capital of the Bank is TL 900,000,000, and the issued capital was paid in full and in cash, free from collusion.
- (5) Shares representing the capital are tracked in the frame of dematerialization principles.

NEW TEXT

Bank's Capital Article 7:

- (1) The Bank has adopted the registered capital system in accordance with the provisions of the Capital Markets Law and has transferred to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259.
- (2) The registered capital ceiling of the Bank is TL 2,500,00,000 TL and divided into 2,500,000,000 (Two billion five hundred million) registered shares, each with a nominal value of 1 Turkish Lira.
- (3) The registered capital ceiling permission given by the Capital Markets Board is valid for 2017-2021 (5 years). Even if the registered capital ceiling at the end of 2021 has not been reached, in order for the Board of Directors to take a capital increase decision after 2021; It is obligatory to obtain authorization from the General Assembly for a new period, not exceeding 5 years, by obtaining permission from the Capital Markets Board for the previously allowed ceiling or a new ceiling amount. In the event of failure to obtain the said authorization, the Bank shall be deemed to have exited the registered capital system.
- (4) The issued capital of the Bank is TL 1,350,000,000, and the issued capital was paid in full and in cash, free from collusion.
- (5) Shares representing the capital are tracked in the frame of dematerialization principles.

BOARD OF DIRECTORS RESOLUTION

BOARD OF DIRECTORS' RESOLUTIONS

SESSION NR. : 2065
DATE : February 19, 2020
PARTICIPANTS : The members undersigned.
ABSENTEES : None

The Board of Directors of Albaraka Türk Participation Bank has adopted the following resolutions:

RESOLUTION:

It has been DECIDED that in line with the Banking Regulation and Supervision Agency's letter (dd. 12.12.2019, nr. 20008792-101.02.01-E.14867), allocation of the profit made in the year 2019 as indicated below shall be submitted to the Annual General Assembly of Shareholders:

Profit of the Year	TL 63,429,099.95
Profit of Previous Year	TL 0.00
Profit on Balance-Sheet	TL 63,429,099.95
First Tier Reserve (-)	TL 3,171,455.00
Distributable Net Profit of the Year	TL 60,257,644.95
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 1,082,415.84
Augmenting to Extraordinary Reserve	TL 59,175,229.11

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

SESSION NR. : 2065
DATE : February 19, 2020

Adnan Ahmed Yusuf ABDULMALEK
Chairman

Osman AKYÜZ
Vice Chairman

Hamad Abdulla Ali ALOQAB
Board Member

Kemal VAROL
Board Member

Ibrahim Fayez Humaid ALSHAMSI
Board Member

Mustafa BÜYÜKABACI
Board Member

Fahad Abdullah A. ALRAJHI
Board Member

Süleyman KALKAN
Board Member

Muhammad Zarrug M. RAJAB
Board Member

Mehmet ASUTAY
Board Member

Khaled Abdulla Mohamed ATEEQ
Board Member

Melikşah UTKU
Board Member and General Manager



**ALBARAKA TÜRK'S
MILESTONES**

Experience, Vision, Expert Human Resources and **Technological Competence**

Focusing on continuous development, Albaraka Türk has made numerous achievements until the 2019 activity period.



1988

Leasing operations began.



1985

Albaraka Türk commenced operations as Turkey's first private financial institution.



1992

The branch network expanded to 10 locations, and total assets exceeded USD 400 million.

1984

- » The founding of Albaraka Türk was initiated with the offer from Albaraka, which conducts interest-free banking.

1985

- » Albaraka Türk commenced operations as Turkey's first private financial institution.

1988

- » Leasing operations began.

1992

- » The branch network expanded to 10 locations, and total assets exceeded USD 400 million.

1998

- » The number of branches climbed to 22, while Albaraka Türk started offering credit card services after reaching a deal with Visa.

2002

- » The branch network reached 24 locations, and shareholder's equity amounted to USD 70 million.

2007

- » A total of 24,000 investors submit more than USD 7 billion in demand in Albaraka Türk's IPO, valued at USD 170 million.

2011

- » The first foreign branch opened in Erbil, Iraq.
- » Albaraka Türk records the sector's biggest syndicated loan with a USD 350 million murabaha syndication.
- » Albaraka Türk's first wakala transaction.

2012

- » The Bank embarked on the SİMURG transition program in line with its vision of being "The Best Participation Bank in the World."

2013

- » Domestic branch locations total of 166.
- » The Bank provided subordinated loans with the murabaha sukuk method for the first time in Turkey.

2014

- » With 35 new branch openings during the year, the Bank broke a record while expanding the branch network to 202 locations.
- » Significant gains started to be realized through the SİMURG program.

2015

- » The first subordinated sukuk compliant with Basel III criteria was issued in Turkey.
- » Albatros, a new core banking system that shifts the Bank's focus from operations to customers, launched on June 19, 2015.
- » The Bank's Mobile Branch and Mobile Branch Touch ID projects were completed.

2016

- » Four lease certificates (sukuk) in TL were issued for qualified investors.
- » The headquarters building of Albaraka Türk was granted LEED Gold Certification.
- » The Albatross (New Core Banking System) project received the "Best Technology Utilization in Retail Banking" award at the "Banking Technology Awards."
- » The Bank's organizational structure was reconfigured and Mr. Melikşah Utku was appointed General Director.

2017

- » The Bank's domestic branch network expanded to 220 locations.
- » Albaraka Garage was launched, as the first start-up accelerator in the world established by a participation bank.
- » The Bank undersigned major projects for digitization, a strategic priority area for Albaraka Türk.
- » Albaraka Türk was named "Turkey's Best Participation Bank" by Islamic Finance News (IFN) magazine.

2018

- » The total branch network reached 230 locations.
- » The Bank received the "Best Participation Bank of the Year" award at the third edition of the Adding Value to Turkey Awards organized by Turcomoney in 2018.
- » Albaraka Mobile was enhanced with the addition of QR code, Voice Assistant and Face Recognition features.
- » Albaraka Türk was a standout at the WIFA 2018 Awards, collecting three first prizes in three separate categories.

2019

- » Albaraka Türk's mobile banking application was awarded two distinct awards in the fields of "Best User Experience" and "Experience & Innovation" in the "Mobile Applications and Sites" category at The Communicator Awards.
- » Albaraka Türk launched Albaraka Publishing in order to make its publishing activities, where it serves its readers with many prestigious works, more comprehensive.
- » Albaraka Türk increased its capital to TL 1,350 million and maintained its strong capital structure.
- » Our new digital product, Alneo, has reached more than 11,000 customers.

**2012**

The Bank embarked on the SİMURG transition program in line with its vision of being "The Best Participation Bank in the World."

**2019**

Albaraka Türk launched Albaraka Publishing to make its broadcasting activities more comprehensive.

**2018**

The Bank was selected as the "Best Participation Bank of the Year" at the third edition of the Adding Value to Turkey Awards organized by Turcomoney in 2018.



LETTER FROM THE
CHAIRMAN

Our Vision:

Becoming the Best Participation Bank in the World

Albaraka Türk continues to move forward today and tomorrow, by adding value to all its stakeholders.

Esteemed Stakeholders,

In 2019, the monetary policies of global central banks switched from tightening to expansionary due to slowing economic growth. The Fed set aside its tight monetary policy of 2018 to implement three interest rate cuts and suspend reducing its balance sheet in 2019. In addition, the Fed's injection of liquidity into the market with repo transactions was seen as another move toward monetary expansion. Meanwhile, European and Japanese central banks reiterated that they could not adopt a tightening stance in the foreseeable future with their decisions taken during the year. In terms of monetary policy outlook, 2019 was more supportive of the economy compared to 2018.

Developments in Turkey during the year – Syria tensions in the first half of the year, international disputes due to the country's S-400 and F-35 purchases, issues in the Eastern Mediterranean – caused Turkish risk indicators to diverge negatively from other developing countries. However, when we reach the year's end, Turkey experiences a significant improvement in its risk indicators. The rebalancing process that marked the start of 2019 was replaced by a rebound and positive growth at year-end. Credit indicators, inflation data and growth forecasts confirmed that economic recovery had commenced. The Turkish economy is expected to complete 2019 with a positive growth contrary to expectations at the beginning of the year. As a result of low economic activity, unemployment figures also rose to an extent, but are projected to ease in the year-end data. Inflation figures, along with interest rates, figured among the surprise indicators of the year. With a better than expected performance, inflation improved significantly with single-digit forecasts made for end-of-year 2020.

Loose monetary policies of the world's central banks and improvements in inflation created space for the CBRT to reduce interest rates from 24% to 12%. The country's economic outlook has brightened as CBRT's actions were supported by an improved inflation rate and the government's economic stimulus programs.

In 2019, the Turkish banking industry followed a path in parallel with the country's economic progress. After enduring a difficult period in raising funds and extending credit in the first half of the year, Turkey's banks made significant progress in these key areas in the latter half. Participation banks boosted their share in the sector in Turkey in 2019. Particularly with lower interest rates, participation banks' profit shares positively diverged from interest rates offered by banks, contributing to this growth.

Against this backdrop, Albaraka Türk demonstrated that the operating principles and asset structure of participation banking are more durable than those of traditional banking. The Bank significantly contributed to the Turkish economy and the real sector in 2019. At Albaraka Türk, we continue meeting our customers' financial needs as we have for the past 35 years. We derive our energy to expand with the support of our management team, which grows more professional every day with the awareness and responsibility of being Turkey's first and leading participation bank. We also effectively capitalize on our young and dynamic human resources and our overall organization. Albaraka Türk continues to move forward today and tomorrow, by adding value to all its stakeholders. Our vision remains "Becoming the Best Participation Bank in the World." We conduct our business operations based on the pursuit of sustainable growth and profitability. The Bank is ramping up its digital banking activities to this end. Thanks for increasing our capital as we approached end-of-year, we will be better equipped to advance toward our targets in 2020 with an even stronger capital structure. Based on increased economic activity as well as the effect of our capital injection, we aim to expand further in assets, credit and overall growth in line with Turkey's more robust economic outlook in 2020.

Albaraka plans to continue pioneering the industry with its employees and stakeholders while supporting sustainable growth and development in the coming year. I would like to take this opportunity to sincerely thank my colleagues, customers, shareholders and all our other stakeholders for their contribution to our success.

Respectfully yours,



Adnan Ahmed Yusuf ABDULMALEK
Chairman



MESSAGE FROM
THE CEO

Innovative Steps in Digital Banking

In 2019, we started investing in promising companies via Albaraka Fintech Venture Capital Fund which was established last year.

Esteemed stakeholders,

Global economic activity slowed considerably in 2019. The US economy relatively outperformed the EU and the Far East with an improving outlook at year's end. However, various indicators raised questions about the American economy over the course of the year. As a result, leading global economic institutions gradually reduced their growth forecasts as the year progressed. In January 2019, the International Monetary Fund (IMF) projected global growth of 3.5% for the year but reduced its final estimate to 3% by year-end. Trade wars initiated by the USA had a negative impact on China and the EU and thus weighed down the world economy. In addition, various ongoing geopolitical risks still pose downside risks on global growth.

2019 started out as a difficult year for Turkey, but we finished the year with an optimistic outlook. All stakeholders of the economy strived to heal the wounds of 2018 and resist shocks as the economy went through a rebalancing process. Positive developments in the second half of 2019, when economic confidence declined, costs increased and geopolitical risks persisted, were promising for 2020. Turkey's strong fundamentals enabled its economic outlook to outperform forecasts. We observed this strength and resilience in 2019. The banking system, the economy's biggest stakeholder, followed a course in parallel with this trend. The industry, which stepped up its activities in the second half, demonstrated its solid structure in 2019. The banking system adopts a balanced approach and focuses on achieving long-term sustainable growth. Interest rate cuts stimulated the economy while also making participation banks more competitive. Profit shares distributed in the last quarter of 2019 approached the returns of interest rates in conventional banks – a major milestone for participation banks. As a result, the share of participation banks in the banking sector exceeded 6% this year. We believe this growth will continue in 2020 as public banks also entered the participation banking sector.

As the Albaraka Türk family, we worked in a similar way this fiscal year. We spent 2019 rebalancing our performance in parallel with the banking industry. While credit volumes did not grow sufficiently, assets expanded at a slow pace. We expect to see an increase in funding and collection in 2020 with a decline in financing costs in the market. We will likely experience major improvements in profitability in 2020. The Bank enters the new year with a stronger capital structure after the capital increase that we made at year's end. 2019 was a year of recovery in terms of the country's economy and investor confidence. Our successful completion of a capital increase this fiscal year revealed investors' ongoing trust in Albaraka Türk and the industry. Entering the new year with additional capital of TL 450 million thanks to a 50% capital increase will impact our Bank financials positively in 2020. Backed by higher funding volume and a more robust balance sheet, we plan to invest in digitalization and pursue strategies based on sustainable growth and profitability. Customer experience enabled by digitalization is key in this pursuit. We aim to focus on two areas: providing good customer experience and

delivering employee satisfaction. This approach will contribute to the operation of our Bank and have a positive impact on its financials. We prioritize fast processing and efficiency in the Albaraka customer experience. To this end, we have launched many innovations, new products and services, and we continue to innovate aggressively. By rolling out Alneo in 2019, we saved our customers from incurring costs, such as device and technical service expenses. We are preparing for the future by ramping up our digital banking efforts. In 2019, we started investing in promising companies via the Albaraka Fintech Venture Capital Fund established last year. Our decision to invest in this fund is a very important threshold for us. We believe that we will discover ways to facilitate funding and boost efficiency via this fund.

Meanwhile, we continue our many projects related to corporate social responsibility. In 2019, we became the first participation bank to be included in the BIST Sustainability Index thanks to our efforts in the environment, human rights and occupational health. We also founded a publishing house – Albaraka Art and Culture Publishing Co. – to enrich Turkey's cultural and artistic landscape. We plan to continue contributing to culture, art, environment and society as well as the nation's economy in the coming year.

I would like to take this opportunity to sincerely thank my colleagues, customers, shareholders and all other stakeholders for their contribution to our success while expressing my sincere regards.

Respectfully yours,



Melikşah UTKU

Board Member and General Manager



MACROECONOMIC AND SECTORAL OUTLOOK

A Year of Balancing and Recovery

2019 has been a year where the impact of balancing and recovery steps has been perceived.

Global Economic Outlook

Global economic growth was at 3%, the lowest level in the last 10 years due to the restrictive effect of ongoing trade wars between the USA and China. Despite the reconciliation efforts that emerged in the last quarter of the year, customs duties imposed by the USA on certain products and goods imported from China increased trade disputes, causing a loss of momentum in global production and foreign trade activities.

The slowdown trend in the global economy clearly showed its effect in all local markets in 2019. While the growth in the USA, where the American Central Bank (Fed) resumed its interest rate cuts again, was limited to 2.4%, the overall economy maintained its positive outlook. The American Central Bank's (Fed) inclination for interest rate cuts was a determinant for this kind of economic conjuncture. The Euro Area, where the negative interest rate application and asset purchases of the European Central Bank (ECB) has not yet shown the expected impact, is expected to complete 2019 with a growth rate of 1.2%.

Emerging economies led by China and India exhibited a low growth performance in 2019. The economies in the supplier network of both economies in the Asia Continent were also negatively affected by this development. While growth in developing economies was limited to 3.9%, China, which is the dynamo of the developing world, achieved a growth of 6.1% by the end of the year. This performance was well below the average of the last 10 years; however, the acceleration of capital flows towards these countries as a result of declining interest rates is promising for the future.

Turkey's Economic Outlook

The exchange rate shock and subsequent events of 2018 continued to impact the Turkish economy in 2019. In this context, 2019 was a year where balancing and recovery steps were experienced. The fact that the inflation rate has decreased significantly compared to 2018 and better than expected rates have been achieved has led to positive momentum in 2020. These developments in the inflation rate resulted in CBRT's reduction of interest rates from 24% to 12%. Global central banks made monetary expansion decisions in 2019 and the CBRT preceded these decisions. CDS premiums decreased in 2019 when access to liquidity was relatively easy. CDS premiums, which were at 370s at the beginning of the 2019 operating period, decreased to 280s in the last week of December. This was another factor that reduced costs.

There was a significant rise in the BIST – 100 Index in 2019. The index, which was around 88 thousand at the beginning of 2019, exceeded 114 thousand in the last days of 2019. 2019 was a positive year compared to 2018 both in terms of money markets and financial markets.



2019 was a year that started poorly but macroeconomic data improved towards the end of the year. At this point, we welcome 2020 with more hope compared to 2019. Growth expectation for the end of 2020 is 4-5% unless there is a geopolitical risk that would hamper normalization.

An important macroeconomic indicator, end-of-year 2020 inflation, is expected to be in high single digits. It is believed that the decline in inflation in 2019 will continue with a low frequency in 2020 and this decrease will open up space for interest rate cuts up to 200 basis points for the CBRT. However, interest and policy decisions of the Fed, ECB and other central banks will also have an impact on the CBRT's policy stance in 2020. As Fed cut rates three times contrary to expectations in 2019, Fed is not expected to change the interest rate in 2020 and therefore the developments in inflation will be of great importance for the CBRT. The direction of the exchange rate is expected to be upward due to the effect of the increasing domestic demand on the current account deficit; however, an exchange rate shock is not predicted unless there is a fragility due to global and geopolitical risks.

Banking Sector Outlook

The Turkish banking system has a key position in the Turkish economy. Therefore 2019 was a difficult year for banking in line with the economy. In 2019, there were no positive developments such as high increases in items such as profitability, assets and loans which were experienced in previous years. The loan volumes, which increased with the reduction in interest rates in the second half of the year, recovered a little more by the end of 2019.

Total loans of the Turkish banking sector were TL 2,656,132 million at the end of 2019, an increase of 10.9% compared to the previous year, while total assets were TL 4,491,090 million, an increase of 16.1% compared to the previous year. The situation of the banking sector can be summarized in a serious way with these two figures. Since there is a significant correlation between credit growth and GDP in Turkey, the state of the Turkish economy is understood through these figures. In addition, the ratio of non-performing receivables (gross) /total cash loans was 5.36% as of the year-end 2019. It is thought that this rate will increase a little further and then come down with decreasing costs.

The main objective of the banks in 2019 was to increase their resistance against possible shocks and to progress at a balanced level instead of growing their balance sheets. In line with this objective, the banks' credit appetite was low as there was also low domestic demand and credit appetite in the market. Furthermore, activities were carried out to increase efficiency while investing in digital banking. The Turkish banking sector aims to prepare for the future world by continuing these investments in 2020.

ASSESSMENT OF OUR ACTIVITIES IN 2019

Support for the Real Sector

Albaraka Türk has always stood by the SMEs as they undertake key tasks in Turkey's sustainable development process.

Always Supporting SMEs...

In 2019, Albaraka Türk has continued to stand by SMEs which operate as the dynamo of the Turkish economy. Albaraka Türk is committed to the principle of always providing support to SMEs, a segment that plays a key role in Turkey's sustainable development drive. Acting with this goal in mind, Albaraka Türk has restructured its sales teams and divided its Commercial Sales staff into Commercial and SME Sales staff. Under this new structure, SMEs were redefined as special clients and marketing efforts have been realigned accordingly. In addition to their financial needs, Albaraka Türk provides its customers with the highest quality service from a single point by providing supportive services and products at every stage of the SMEs' value cycles.

"Albaraka Dealer Card," developed for SMEs, finances the purchase of goods only from the parent company. The POS device developed for this card has software that allows the exchange only between the dealer, the Bank and the parent company. This product has enhanced the purchasing power of SMEs, and met their financing needs with flexible maturity terms, thereby offering them significant advantages.

Sustainable Financial Results in the SME Business Line...

Despite an atmosphere where fund costs have risen and global monetary inflows continue but on a more limited scale, Albaraka Türk has steadily moved forward. Albaraka Türk – fully aware of the importance of SMEs for Turkey, the de facto lifeblood of the economy – has boosted its support to this key segment.

Innovative Products and Services in Line With Customer Expectations...

Having played a critical role in the development of Turkish participation banking with its innovative products and services, Albaraka Türk continued to offer customers products that facilitate commerce and create more value in 2018.



ASSESSMENT OF OUR
ACTIVITIES IN 2019

Solution- Oriented Banking

Albaraka Türk continued to offer its customers products that will facilitate business life and provide further added value in the 2019 operating period.

Tax – SGK Financing: This financing product, featuring a maximum three-day maturity term, with zero profit share and commission, is designed to meet customers' short-term, urgent financial needs for their tax and SGK (Social Security Institution) payments.

Foreign Trade Service Package: Albaraka Türk designed four Foreign Trade Service Packages (Silver, Gold, Platinum, VIP) to meet the different needs of foreign trade customers. The packages offer popular products and services at advantageous prices.

Check Financing: This credit product, with a maximum maturity of three days and zero profit share, provides financing to cover the payments of the Bank's customers who use checks when their current account balance is not sufficient.

Salary Financing: Clients that have a salary payment agreement with Albaraka Türk can use this credit product, which features a maximum maturity of three days and zero profit share. Salary Financing allows customers to perform salary payments in instances when their current account balance is not sufficient.

Sacrifice Donation in Instalments: This innovative product divides sacrifice donations for religious purposes into a maximum of four installments without delay interest. The application aims to support Albaraka Türk customers and support the donation culture.

Hajj/Umrah Saving Accounts: The Bank has launched three new Participation Accounts under the category of Hajj/Umrah Saving Accounts to enable customers (especially potential customers) to save for a future hajj or umrah trip, at advantageous profit-sharing rates.

Business and Land Financing for Foreigners:

Only foreign customers residing abroad can use this product to borrow in TL, or alternatively in US dollars or Euros to finance their business or land purchase transactions.

Financing with Preclosure Option: This product allows customers to close their loans whenever they wish within its maturity term, thus organizing cash flow freely and avoiding commission payments in the event of preclosure.

Tuition Payment Guarantee and Educational Support Personal Accident Insurance: These insurance products are aimed at parents who may or may not be using Tuition Installment Financing, and who want to guarantee tuition payments for their children and protect against the risk of death, disability and unemployment. In addition, the Bank expanded its online insurance product portfolio and offered customers the ability to compare prices more quickly in order to boost overall insurance service quality.

Albaraka Türk continues to work on methods that facilitate fund-raising and utilization methods and increase productivity.

Funds Collected (TL thousand)	2018		2019		Change (%)	
	TL	USD equivalent	TL	USD equivalent	TL	USD equivalent
Funds in TL	11,779,608	2,231,409	14,696,620	2,479,187	24.8	11.1
Current Accounts	2,809,656	532,233	4,199,395	708,400	49.5	33.1
Participation Accounts	8,969,952	1,699,176	10,497,225	1,770,787	17.0	4.2
Funds in Foreign Currency	16,843,865	3,190,730	25,072,788	4,229,553	48.9	32.6
Current Accounts	5,918,977	1,121,231	8,883,093	1,498,497	50.1	33.6
Participation Accounts	10,924,888	2,069,500	16,189,695	2,731,055	48.2	32.0
Total	28,623,473	5,422,139	39,769,408	6,708,740	38.9	23.7
Share of TL Accounts	41.2%		37.0%			
Share of Foreign Currency Accounts	58.8%		63.0%			
Current Accounts	8,728,633	1,653,463	13,901,974	2,345,137	59.3	41.8
Participation Accounts	19,894,840	3,768,676	25,867,434	4,363,602	30.0	15.8
Total	28,623,473	5,422,139	39,769,408	6,708,740	38.9	23.7
Share of Current Accounts	30.5%		35.0%			
Share of Participation Accounts	69.5%		65.0%			
Funded Credits (TL thousand)	2018		2019		Change (%)	
	TL	USD equivalent	TL	USD equivalent	TL	USD equivalent
Funded Credits*	26,184,989	4,960,218	29,749,139	5,018,411	13.6	1.2
NPL	1,888,547	357,747	2,221,723	374,785	17.6	4.8
Reserves (-)	893,485	169,253	1,131,782	190,921	26.7	12.8

*Includes financial leasing receivables.

USD/TL Exchange Rate

2017 3.780

2018 5.279

2019 5.928

ASSESSMENT OF OUR ACTIVITIES IN 2019

Seeing digital transformation as a holistic effort, Albaraka Türk places customers at the core of its digitization drive.

Supporting Customers 24/7 via Alternative Distribution Channels (ADC)

Digital transformation is fundamentally changing the banking industry just like other sectors. Smartphones gain more and more important in individuals' daily lives and reshape habits of consumption and usage. The innovative face of the participation banking sector, Albaraka Türk, has launched a comprehensive digital transformation initiative and has rapidly adapted its products and services.

Seeing digital transformation as a holistic effort, Albaraka Türk places customers at the core of its digitization drive. User experience holds a special place in the efforts across digital channels. The Bank focuses on supporting its customers 24/7 by rapidly integrating developments in information technologies into its business processes. As of end-2019, the Bank delivers an excellent customer experience by means of the Mobile branch, Internet branch, ATMs, Alo Albaraka, PTT branches, PTTmatik, the digital banking app "insha" designed for customers overseas, and the corporate web sites.

7/24 Service in Internet Branch...

In 2019, Albaraka Türk continued to expand its customer base over its Internet Branch. During the reporting year 2019, the Bank accomplished important innovations; with the "Nöbetçi EFT"

system, it has offered the 24/7 TL Transfer service to its customers for fast, reliable and easy TL transfer from the Internet Branch and Mobile Platform to the contracted banks outside of the regular EFT hours. In addition, the Bank took the investment needs of the customers into consideration and offered the following services on the Internet Branch to remove the need to visit the branch:

- » Fast and practical online opening of the investment (custody) account at Albaraka,
- » Fast and easy application for Lease Certificate public offerings,
- » Purchase and sale transactions for lease certificates in the second-hand market.

Albaraka Türk continued to develop user-friendly and innovative solutions in 2019 by cooperating with third-party companies to make e-commerce payments online through Albaraka Türk accounts. In this context, Albaraka Türk customers were able to pay by wire transfer via N11 and Ereyon e-commerce sites as a result of the integration efforts with the ComPay payment company.

Customers can also make their foreign trade payments and track their payments through the Internet Branch without having to go to the branch.



Features that Make Life Easier in Albaraka Türk Mobile...

Albaraka Türk continued to develop new functions in Albaraka Mobil to make life easier for customers. The projects implemented in this context are as follows:

- » Arabic Albaraka Mobile project has been developed for Arabian customers.
- » The pre-approved financing application service was launched. With this service, customers can initiate their financing applications via the Mobile Platform and corporate website, monitor their application status, receive their pre-approvals from the channel and then they can complete their applications at the branch.
- » In line with the integrated channel management strategy, customers can deposit money into their accounts using a QR code at the ATM without the need to carry bank cards.
- » Mobile Assistant, which is part of the Albaraka Mobile Platform, continued to answer customers' banking questions, provide information about banking products and perform transactions such as money transfer. User experience was enhanced and a set of transactions was expanded by the addition of new functions to Mobile Assistant.

All these features have significantly increased the number of mobile users, the number and volume of transactions, and the frequency of usage. Active users of Albaraka mobile, in other words, customers who have made at least one transaction in the last three months, have increased by 150% in the last two years, while the number of transactions has increased by 200%.

Albaraka Türk's Mobile-Friendly Web Site

The Albaraka.com.tr website, which is compatible with mobile, offers excellent digital business processes to customers with the microsites at the addresses below.

In addition, the Bank developed and launched new micro-sites for users:

- » www.albarakainsankiyetleri.com
- » www.albaraka.iq (Erbil Branch's Turkish, English, Arabic web sites)
- » www.kureselkobiler.com
- » www.albarakagaraj.com
- » www.albaraka.blog

Customer Friendly New Features on ATM Channel

As of the end of 2019, Albaraka Türk has a total of 307 ATMs, 240 of which are branch ATMs and 67 are non-branch ATMs.

ATM Channel Indicators of the Bank in the 2019 operating period are as follows:

ATM Transaction Summary Between 01.01.2019 - 31.12.2019

Transaction Description	Number of Transactions	Transaction Amount (TL)
Withdrawals	2,998,325	1,949,652,890
Deposits	1,487,087	1,886,836,167
Total Transactions	4,485,412	3,836,489,057

Products offered by the Bank to ATM customers in the 2019 operating period are as follows:

- » Ease of operation is provided by adding new functions to ATMs in order to enable customers to withdraw TL money directly from their foreign currency accounts.
- » Donations can be made from ATMs, allowing customers to donate to the foundations and associations they want using ATMs.
- » Application for Internet / Mobile / Alo Albaraka and renewal of passwords are enabled at ATMs within the scope of digitalization efforts.
- » Customers can deposit and withdraw money free of charge from 3,800 + PTT ATMs as a result of a collaboration with PTT which aims to increase access channels.

A Call Center That Enriches Customer Experience

The Call Center, in which the service is rendered with Arabic language option, has received EN 15838 Quality Certificate (Customer Communication Centers Service Delivery Standard), internationally-accepted management system standard which defines management system requirements and technical specifications required for the call centers to provide service, including special requirements for call centers.

An 8% increase in the number of monthly calls has been detected compared to the previous year when the monthly call distribution of Albaraka Türk Call Center in 2019 is analyzed. Call increase rate has been 35% in Arabic calls and 25% in English calls. In order to improve the Call Center processes, the most incoming transactions from the customers in the IVR (Voice Response System) structure were determined and efforts were made to complete their transactions in the voice response system. As a result, Internet Banking Password and Block transactions and SIM block transactions were transferred to the voice response system. As of July 2019, a Sales Team was established within the Albaraka Türk Call Center, and products suitable for the Bank's Call Center were offered to customers.

Bank cards and Credit Cards that Enrich Life...

Albaraka Türk's credit and debit cards continued to enrich the lives of customers in 2019. The innovations implemented in this context in 2019 are as follows:

- » A project has been started in order to implement the card infrastructure within Albaraka.
- » Nameless debit cards have been issued at branches to allow customers to quickly use debit cards. The card is matched with the customer applying for a card at the branch and customers can start using their cards immediately.
- » The Bank has joined Yuvarla Application in line with Bank's support to social responsibility projects. Customers who added Albaraka credit and debit cards to this application were given the opportunity to donate to their chosen foundations.
- » Similarly, customers who want to load their Istanbul cards are allowed to load money to their Istanbul cards with Albaraka credit and debit card via the istanbulkart application without having to search for a card loading point.
- » Customers are able to pay their Albaraka credit card debts in more than 3,800 PTT branches as a result of the agreement made with PTT.
- » Private Banking credit and debit card products offering privileged services are available for Private Banking customers.
- » Trend credit and debit card products, which offer campaigns and advantages for the young segment, are launched.

ASSESSMENT OF OUR ACTIVITIES IN 2019

Albaraka Türk aims to continue the momentum of digitalization that it has achieved in 2019 also in the future.

Convenient POS Product Launched...

Albaraka Türk focuses on meeting fixed cost POS demands of its customers with the Convenient POS Product launched in 2019.

Increase in the Number of Institutions for which collections are mediated

Albaraka Türk has added new institutions to the list of those it mediates collections for and has made agreements with new customs offices. As a result, increases have been observed in the payments made to the institutions in 2019.

Digital Transformation Process 2020 Targets

As part of its digital transformation drive, Albaraka Türk plans to conduct the following projects in 2019:

- » The aim is to continue the momentum achieved in digital channels in the 2020 operating period.
- » In order for Albaraka Türk corporate website to serve the Bank's new strategies, plans are underway to prepare a dynamic modern design and to establish and integrate a content management system.
- » Efforts will continue to be made in 2020 to increase the transaction set of Albaraka Türk mobile application and to add new features.
- » In 2020, plans are to integrate Mobile Wallet Application into the Albaraka Mobile Platform and provide customers with the opportunity to make contactless payment transactions with their existing applications without the need for a different application.

- » Another aim is to develop user-friendly and innovative solutions by collaborating with third-party companies through digital channels.
- » The plan is also to continue working on product and service sales through digital channels in 2020.
- » The Bank aims to continue its artificial intelligence supported projects for Albaraka Türk Mobile Assistant in order to provide new services and to serve in different languages and different channels.

Decisive Steps in Assets / Liabilities Management from Albaraka Türk...

Albaraka Türk Treasury Department undertakes asset/liability and liquidity management in line with risk management and Bank profitability. The Bank quickly accesses the right market data by cooperating with efficient data providers of the time (such as Bloomberg, Reuters and Matrix). It focuses on the right management goal by staying in constant contact with its own service network both globally and domestically in the interbank market and with the Sales and Marketing Departments in the local market. The Treasury Department, which actively participated in the digitalization process of Albaraka Türk, started using RPA (robotic-process-automation) in 2019. The Treasury Department, which plans to undertake a more active route in customer contact, has structured its organization accordingly and has added an active Sales Service Unit for the next year.

Increased Competitive Advantages in Treasury Management

Much more effective Second Hand Sukuk purchase/sale transactions can be undertaken with the introduction of the Custody Account Service in Albaraka Türk. In 2019, the Bank continued to follow market-based pricing for Lease Certificates. This had a noticeable impact on the Bank's profitability and also contributed positively to customer satisfaction. The Bank took on a more effective role in the purchase and sale of funds for both fundraising and funding in the Interbank Money Markets in 2019. Furthermore, in addition to the fundraising instruments within the Bank, Albaraka Türk became more competitive in the market by implementing the "Investment" proxy and "Promise" methods.

Thanks to the customer satisfaction-oriented approach, which is the main priority of Albaraka Türk, very positive feedback is received from customers about its pricing and one-on-one communication, and thus, a stable operational process is created by ensuring customer loyalty. Albaraka Turkish Treasury Department continued to be competitive in pricing for customers with pricing services received from different platforms in 2019. In addition, being one of the earliest participants in the gold transfer system, Albaraka Türk Treasury Department continued to contribute positively to Turkey's gold deposits.

Funding from Abroad

TRANSACTION TYPES	TRANSACTION VOLUMES (IN US DOLLARS)		CLOSING BALANCE (IN US DOLLARS)	
	31.12.2018 (USD)	31.12.2019 (USD)	31.12.2018 (USD)	31.12.2019 (USD)
MURABAHA (CMI)	129,899,000.00	308,877,912.91	29,139,500.00	-
R. MURABAHA	6,566,366.15	75,149,735.09	32,801,974.86	27,000,000.00
WAKALA	3,261,669,702.71	2,109,772,310.44	227,672,692.71	164,691,225.04
R. WAKALA	96,718,550.00	201,300,000.00	17,357,550.00	17,500,000.00
PARTICIPATION ACCOUNTS	1,661,586,567.64	1,630,471,076.89	175,696,451.44	201,628,901.85
TOTAL	5,156,440,186.50	4,325,571,035.33	482,668,169.01	410,820,126.89

Treasury Management 2020 Targets

Albaraka Turkish Treasury Department aims to expand its product range in the Capital Markets and Equity Markets area in 2020, in order to market related products to customers through digital channels and be an actor in the market with an effective price. In addition, it aims to create a management infrastructure that makes sure that the portfolio preferences that affect the Bank's balance sheet items are in line with the Bank's periodic targets and measure risks correctly.

Financial Institutions with Robust Foreign Financing

Relations with Correspondent Banks

To meet its clients' international banking needs with high quality and efficient service approach, Albaraka Türk undertakes intense efforts with domestic and overseas correspondent banks in line with the reciprocity principle. In 2019, the Bank provided corporate and SME customers with effective, high-quality service with 56 nostro accounts in 26 banks located across 25 countries in 18 different currencies. These are part of a network of over 993 correspondents with operations in 114 countries.

During the year, the Bank undertook efforts to meet customer demands in an effective manner and expand its foreign trade volume. Bank representatives made in-person visits, especially to Africa and Asia in order to further develop relationships with correspondent banks. In addition to existing correspondent banks, Albaraka Türk visited new correspondent banks and established correspondent banking relationships. Visits were made to Tunisia, Senegal, South Africa and Morocco in Africa, Indonesia and Pakistan in Asia, Iraq and Bahrain in the Middle East and Austria and Spain in Europe. These efforts had a significant positive impact on the Bank's foreign trade with the referenced countries. In 2019, new correspondent relationships were established with 29 banks located in different countries of the world.

As part of the Bank's efforts to extend its overseas branch network, work on the inauguration of the Baghdad branch has been completed and the branch is has become operational, serving Iraqi customers in March 2019.

In 2019, new correspondent accounts in DKK, NOK, SEK, USD, EUR and RUB currencies were opened to meet customers' demands related to foreign trade and customer payments in a more efficient fashion.

In pursuit of the Bank's medium and long-term growth strategies, with a view toward bolstering existing correspondent relations in African, European and Middle Eastern markets, Albaraka Türk organized country visits. In addition, senior management participated in international events such as SIBOS, IMF, World Bank meetings, Bonds & Loans and WIBC. At these events, face-to-face meetings were held with senior representatives of correspondent banks and efforts were expended to ensure the continuity and efficiency of correspondent relations. In addition to existing correspondent banks, discussions were held with potential correspondent banks that could benefit the Bank in expanding the correspondent banking network. The Financial Institutions and Investor Relations Department represented Albaraka Türk at the SIBOS event that took place in England in 2019, holding meetings with more than 50 banks.

During visits to correspondent banks, the Bank also prioritized visiting the Turkish Embassies and Trade Attaches' Offices in those countries. As such, the lists of Turkish firms operating in the countries visited, and up-to-date and detailed information on administrative, political, financial and foreign trade issues were obtained first-hand. These lists of firms were shared with the Bank's marketing units to support effective marketing initiatives designed to expand foreign trade volumes.

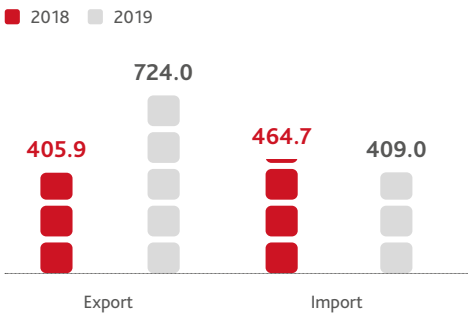
ASSESSMENT OF OUR ACTIVITIES IN 2019

One of the major reasons for the increase in foreign trade was Albaraka Türk's extensive correspondent network in Turkey's export markets.

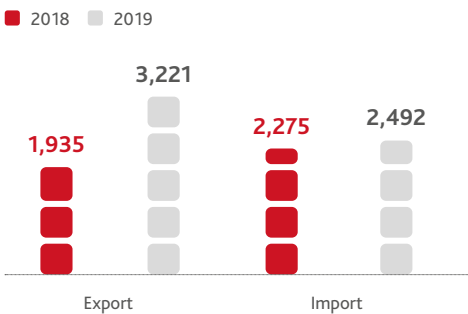
Strong Growth in Foreign Trade Volume...

In 2019, Albaraka Türk's letter of credit volume in foreign trade transactions increased 30.02% over the prior year. The Bank's export letter of credit volume in terms of units increased by 66.46% compared to the previous year, while the import letter of credit volume in terms of units increased by 9.54%. While USD 870,630,015 worth letter of credit transaction took place in 2018, in 2019 this amount increased to USD 1,133,054,322.

Letter of Credit Volume (USD million)



Letter of Credit in Units



One of the major reasons for the aforementioned increases in foreign trade is the Bank's vast correspondent network in Turkey's export markets. One of the important reasons for the increase in the foreign trade volume of the Bank in 2019 was the cooperation with Libyan banks. As a result of the efforts carried out with public and private banks residing in Libya, there has been a noticeable increase in confirmed / unconfirmed export volume. Foreign trade volume realizations in 2019 are as shown on the left.

Cooperation with DEİK

Foreign Economic Relations Board (DEİK), established in 1985, conducts foreign economic relations of the Turkish private sector, especially foreign trade, international investments, services, contracting and logistics. It researches domestic and abroad investment opportunities and aims to increase Turkey's exports and coordinates efforts for business development. Working in cooperation with DEİK, Albaraka Türk became a member of Bahrain, Bangladesh, Algeria, Indonesia, Morocco and Pakistan business councils in 2019. In this context, contact with customers was established by participating in the activities that were organized by either the country business councils to which the Bank was subscribed or other country business councils. The participant lists of the firms obtained in these events were shared with the relevant departments of Albaraka Türk and hence marketing and sales activities were supported.

Albaraka Türk aims to support the increase of foreign trade volumes of Albaraka by obtaining memberships in different business councils in line with its different strategic goals in 2020.

Sensitivity to International Legislation and Customs

Major steps have been taken together with Albaraka Türk's General Directorate of Legislation and Compliance to implement decisions adopted by OFAC, UN General Council and MASAK; and manage the KYC (Know Your Client) demands from correspondent banks. As a result of this collaboration, the International Banking Committee, which was set up earlier, organized meetings throughout the year and established coordination between relevant departments.

To raise awareness on the issues of legislation and compliance, the staff of the relevant head office unit underwent periodic training. In addition to this in-house training, the personnel attended legislation and compliance training programs organized by account correspondents and other correspondent banks in 2019 to ensure harmony with correspondent bank policies.

We Continue Supporting SMEs

The Bank signed a financing agreement (Line of Financing) with one of the Islamic Development Bank's subsidiaries, The Islamic Corporation for the Development of the Private Sector (ICD) in 2019 to secure financing of 40 million US dollars available for the usage of its SME customers.

Despite the negative impacts the depreciation of TL against foreign currencies in August 2018 on obtaining foreign financing and as well as the legal regulations that entered into force in our country in recent years, Albaraka Türk aims to continue its efforts to secure foreign financing at attractive rates in the coming period.

We Strengthen our Ties to Correspondent Banks Via Orientation Programs

Albaraka Türk continues to invite current and potential correspondent banks to Turkey in 2019. This effort ensures the active promotion of the Bank and enhances relationships with correspondent banks. Furthermore, detailed information on products and services is provided to the participating bank representatives who want to grow Islamic Banking in their countries. This practice ensures that these correspondent banks play an active role in the development of participation banking in their home markets.

The program also helps Albaraka Türk obtain detailed information on the legal and regulatory environment, economic situation, banking sector, and implementations in the countries of the correspondent banks that participate. This facilitates tailor-made product development and marketing for the current and potential correspondent banks in the respective country market.

In 2019, representatives from Libyan Islamic Bank, a resident of Libya, participated in Albaraka Türk's orientation program, receiving ample information on participation banking practices. These programs are scheduled to continue in 2020.

Investment Banking Services That Add Value to Clients

The Investment Banking Department, established in the 2017 operating period, has expanded its business volume in 2019, while also emphasizing the optimization of business processes. In 2019, the business processes were transferred to the digital environment by working in coordination with IT units. In addition, some steps in business processes have been simplified and the business processes overall have been simplified.

The "custody service," which was introduced at the end of 2019 and has a significant impact on the cost/income items of the Bank, had a significant contribution to the expansion of the customer base and reinforcement of higher quality and faster service. In addition, efforts have been carried out to integrate some steps of the business processes into robotic process automation. For this purpose, all business processes were analyzed and screened to determine which processes could be included in RPA processes within the existing technological bounds of possibility.

Domestic and International Economic Developments Followed Closely...

Albaraka Türk Investment Banking Department continued to follow up with the domestic and foreign developments closely in 2019. The Bank's liquidity position and domestic market developments are of great importance in determining the rate of return and the amount of issuance in domestic transactions. It is critical to follow up with the issuances by other institutions, Central Bank meetings, market data to be announced and legal regulations regarding capital markets during 2019 in order to determine the strategies to be pursued. In foreign transactions, market developments may cause the Bank's funding costs to increase or decrease or may affect investors' investment decisions positively or negatively. This makes it critical to determine the right timing for foreign transactions. Due to these stated reasons, the market data is instantly tracked and action is taken when necessary.

Resource Transfer From Turkey and Abroad...

In 2019, Albaraka Türk collected a total of 8,990,000,000 TL from lease certificate issuances in the domestic market. As of the end-2019, outstanding lease certificates stood at TL 2,690,000,000. In addition, in 2019, a guaranteed murabaha transaction of USD 30,000,000 with a maturity of more than one year took place. However, the secondary subordinated debt-like sukuk transaction worth USD 250,000,000 that took place in 2015, the additional capital transaction (AT1 Sukuk) of USD 205,000,000, which was carried out in 2018 are still in circulation.

Albaraka Türk did not roll over its USD 660 million murabaha syndication and Senior Sukuk at maturity, due to the lack of foreign currency liquidity needs and high funding costs; this impacted the funding cost of the Bank positively.

Projects Implemented in 2019

a- Paid Capital Increase: With the paid capital increase, the Bank's capital was increased from TL 900,000,000 to TL 1,350,000,000.

b- Robotic Process Automations: Those processes suitable for Robotic Process Automation were determined among the business processes carried out by the Investment Banking Department and business analyses were conducted for these processes. Some processes are planned to be put into the real environment by making trial tests at the beginning of 2020.

c- Main Banking Application Improvements: Business processes are continuously improved according to the feedback received from the branches. Improvements were made in seven important processes. The Bank aims to continue working on process improvements in 2020.

Investment Banking 2020 Targets

In the global conjuncture, both individual and institutional investors hold an important awareness that their savings should be beneficial to the world and society rather than focusing only on returns.

ASSESSMENT OF OUR ACTIVITIES IN 2019

Albaraka Türk continued to pioneer innovative corporate credits projects in 2019.

Corporate Credits Services Empowering Corporate Clients

Albaraka Türk continued to pioneer innovative corporate credits projects in 2018. The major Corporate Credits projects conducted during the year include:

Digital Allocation Project

Systemic improvement efforts under the umbrella of the Digital Allocation Project gained steam in 2019. The current system's disadvantages in use and outcomes for customers were reanalyzed from every angle. A series of meetings were organized with the relevant units; as a result of these meetings, it was determined to revisit issues such as a radical transformation of the credits module, reorganization of product groups and limit reallocation structure. Currently, the Bank's credits underwriting processes are automated to a limited extent and labor-intensive efforts are required from the users. There is a vast amount of operational workload on the users. With the optimization of the credits proposal/allocation process under the digital transformation program, a more user-friendly process with the less operational workload, integrated into the system, has been designed.

The Bank aims to establish an automatic allocation structure within specific conditions for limits/guarantees via the rating system. The Bank initiated this transformation process in the first quarter of 2017. The target is to complete the project at the beginning of the second quarter of 2020. The goals of the project are to achieve speed and simplicity in the operational system. The ultimate objectives of the project are overcoming time barriers in the finalization of credits proposals, reducing the loss of time and energy, producing simpler and more comprehensible results, enhancing the motivation of branch and head office personnel by eliminating systemic problems, and maximizing customer satisfaction.

Conversion among Collateral Types

Collaterals that can be accepted by Albaraka Türk have a ranking according to their risk assurance quality. This ranking is taken into consideration in determining the collateral to be preferred according to the credibility of the company during the evaluation of credits requests. In addition, if lower order collateral is envisaged in the credits decision, provided that each collateral is legally valid and complies with the institutional criteria, branches should be able to establish higher collateral without requiring any change in the decision. Work is carried to establish this in the infrastructure in Albaraka, and the goal is to enable conversion among collateral types in the near future.

Conversion among Limit Types

The conversion of cash and non-cash limit types at certain ratios was changed and Headquarters was authorized in this topic. With this decision, Albaraka branches have the opportunity to respond to the needs of customers more quickly and flexibly. At the same time, this amendment aims to reduce the operational load in the Credit Allocation Departments.

Rating-Based Credit Allocation Limit Authorization

Credit allocation authorizations at Albaraka Türk have been linked to company rating in 2019. Banks can accurately analyze data affecting firms' creditworthiness and make credit decisions in light of this data by using the rating system. To perform a more objective assessment, a bank must allocate credits on the basis of a rating methodology.

The Bank Board of Directors resolved to make the client rating score an important factor in credit allocation authorization, alongside other factors such as limit amount and guarantee. Such credit decisions based on the risk ratings of credit clients are expected to bring down the Bank's NPL ratio and have a favorable impact on the Bank's risk map.

Moody's Calculations

In 2019, Albaraka Türk Corporate Credits Department started to use Moody's Risk Analytic. In this process, the top 100 firms which represent the Bank's highest cash risk were first identified by the Risk Management Department and their ratings were calculated. Then, Corporate Credits Department calculated Moody's ratings for the customers whose credit requests were authorized by the Credit Committee in addition to the existing rating calculations.

Product Management

In 2018, the Bank's Product Management Department made significant improvements in the current product portfolio, while also introducing customers to numerous innovative products and services. Closely monitoring the digital transformation process, the Bank focused on digital solutions in product management in order to design products and services that maximize customer satisfaction.

Products With Improved Processes

Products and services whose processes have been improved by the Albaraka Türk Product Management Department in 2019 are as follows:

- » Fuel Management System and various Accounting Integrations that support companies' cash management,
- » Gold bullion delivery service from branches for customers with gold accounts in addition to Power of Attorney Participation Account and Lease Certificate Mutual Fund Sales Products and Services for fund customers.

Innovative Products and Services for Customers

Fuel Management System (AYS): Fuel Management System allows legal customers to purchase discounted and term fuel without getting off their vehicles. It is a system that facilitates operations by enabling vehicle tracking, invoice tracking, etc.

Fix Term Account: Fix Term Account is an account type that will ensure that the customers' due dates match the same day of every month. With the Fixed Term Account, the maturity date of the participation account is the same day of every month, and if the maturity days coincide with a holiday, profit is still distributed to the account on holidays. Fix Term Account can only be opened by Real Persons; It can be opened in TL, USD, EUR, XAU with a one-month term.

Honey Cream Account: Prepared for customers looking for a different investment tool than the Participation Account, the Honey Cream Account is a new product in which 50% of the client's investment amount is invested in the participation account and 50% is invested in the investment account with the sale of the lease certificate.

Short Term Lease Certificate Investment Fund:

Short Term Lease Certificate Mutual Fund is a securities investment fund that enables daily investment. It provides investment opportunities to Albaraka Türk customers who prefer high liquidity and short term maturity for their savings. The risk is also low as there are fixed income securities in the investment portfolio.

Jet Financing: This is a product for which customers or non-customers can apply for financing 24/7 through Albaraka Web Site (<https://www.albaraka.com.tr/jet-finansman-basvuru.aspx>) and mobile branch and get preliminary approval, revised approval or rejection. Customers who receive preliminary approval will have access to financing upon invitation to the branch. This product will create;

- » Sales from channels outside the branch,
- » Ready customers for branch employees,
- » Fewer operations for the branch employees,
- » A wider new customer base.

With the improvement work carried out in the retail loan application process, a QR code was added to the contracts and forms received from customers. Transactions can be made with a single signature thanks to the QR code.

As a result of this work:

- » Customer waiting times will be reduced.
- » Problems due to signature will be reduced.
- » The process will be accelerated by a reduction in the operational load.
- » An important contribution will be made to the digitalization process of Albaraka Türk.

Products and Services for SMEs

Albaraka Türk Product Management Department continued to develop innovative products and services for SMEs in 2019. The Fuel Management System, Accounting Integrations and Ready-Limit Products offered to the SMEs by the Department save time for SMEs in cash management and accounting management, while providing efficiency and efficiency in the management of companies.

With Micro Ready Limit Product, Albaraka Türk allocates its customers limits for Workplace, Commercial Vehicle and Business Financing without any application and without requesting financial data. These limits are determined by running the allocation rule engine. Customers who are allocated limits are invited to the branch through various channels (SMS, Internet Banking / Mobile branch and ATM). so that they can utilize these limits. The goal is to accelerate the customers' limit application process and increase customer satisfaction with this product. In addition, it also serves to reduce the operational burden of the branch staff in finding credit customers and prevents the request of financial data from customers.

Product Management 2020 Goals

Albaraka Türk Product Management Department aims to increase financing/ loan utilization via various campaigns in 2020 by taking advantage of the decrease in loan interest rates. Albaraka Türk Product Management Department aims to design business processes to enable simple, plain and easy credit usage.

Sales-Marketing Activities

Albaraka Türk has achieved significant success by making use of its competitive advantages in the field of sales and marketing in 2019. Standing out among the competition with its digital products, the Bank has been a pioneer in the Turkish banking sector. The digital journey of the Bank, which started with INSHA, the first digital participation bank of Europe in 2018, continued with Alneo, Sentry Transfer and ready limit products in 2019. In addition, the Bank continued to integrate products related to digital business processes into the business life to support branch sales staff. Many improvements were implemented in 2019 in the Albaraka SAHA application, which was introduced in 2018 in order to support the employees in processes other than the branches. Approximately 22,500 activities were carried out through this channel throughout the year by using this application that makes sure that employees' and customers' needs are met easily.

ASSESSMENT OF OUR ACTIVITIES IN 2019

Albaraka Türk launched the Albaraka Türk Customer Experience Module in 2019 to ensure a sustainable improvement in service quality.

Projects to Improve Service Quality and Efficiency...

Albaraka Türk implemented the Albaraka Türk Customer Experience Module in the second half of 2019 in order to ensure a sustainable improvement in service quality. Through this module, customers who use products and services in physical or digital channels are sent a questionnaire at the end of the transaction and are asked to score their experience. These scores are interpreted by using subsequent open-ended comments. Thus, an experience score is obtained on the basis of customer numbers and transactions. Analysis can be made about demographic variables or segments using this data and results can be used for improvements and developments in product/service/process/channel/personnel areas. Thus, it is aimed to continuously improve service quality and efficiency with a design model where the customer is at the center by using outside to inside approach as opposed to an inside to outside one.

Albaraka Türk, which places great emphasis on digital banking projects, has completed the infrastructure and design studies for the Digital Channel Project in 2019. This project allows individuals to become customers and access basic banking services by using digital channels without coming to the Albaraka Türk branch. It aims to offer products and services not only in the locations where the branches are located

but in every place where there is contact with the digital world. Albaraka Türk develops special projects in order to be positioned as a digital bank by moving away from operational banking both in its internal processes and its customer processes. As a Marketing Business Family, a special project is being carried out to improve the service quality of the digital channels currently used. In addition, the New Generation Branch Project aims to increase efficiency by implementing digital processes in branches while improving customer experience and optimizing the Bank's business processes. Albaraka Türk continued to carry products to digital channels in addition to moving branch operations in 2019. The Bank introduced Jet Financing and Micro Ready limit products to its customers.

Applications for housing and vehicle financing can be received and evaluated digitally for the first time by a participation bank with Jet Financing. The same service can be provided to non-Albaraka customers. The 24/7 Transfer (Nöbetçi Transfer) Application, which ensures that customers do not have to be bound by classical banking limits, has also made a great contribution to Albaraka Türk's service quality. With the possibility of 24/7 EFT, customers can send money to the bank of their choice outside of business hours and on weekends.

Versatile Marketing Activities

Albaraka Turkish Marketing Department carried out multi-faceted marketing activities in 2019. While existing customer experience/communication marketing activities are carried out, the Bank has also undertaken new customer acquisition activities. Real-time measurement and management functions in terms of current customer experience were gained in 2019. Thus, necessary actions are taken to measure and improve the customer experience in its most authentic form. Customer experience studies, the foundations of which were laid in 2018, have reached the maturation stage in 2019 and significant outputs have been produced for both operational and strategic business units with the skills acquired. In this area, unlike previous years, governance, transformation, design and improvement activities have been carried out along with the measurement. The priority target in customer experience studies, which have an important place in the five-year strategic action plans, is "To provide our customers with the best banking experience from end to end."

On the communication and marketing side, in line with the Bank's strategy, SME Banking was the focus of the 2019 operating period. The Bank achieved a 41% increase in the SME Banking segment with its various marketing activities and sales and customer campaigns. In addition, the Bank's new product Alneo, a unique digital product was introduced to the market for customers in these segments. Newly introduced to the market, Alneo has reached more than 11,000 customers in a short time and brought a new breath to the whole sector. With Alneo, a payment method that can eliminate products such as traditional payment systems and POS in the years to come, Albaraka Türk customers are able to receive payments through an application that they have downloaded to their phones.

Albaraka Turkish Marketing Department has carried out activities to increase customer loyalty through brand collaborations and campaigns that are revised monthly in the retail business line. Raffle campaigns accelerated the acquisition of new customers and made the year a very productive one in the retail segments.

Continuing to provide privileged services to customers in the Private Banking segment, Albaraka Türk has established Private Banking Corners in eight branches (Merkez, Fatih, Laleli, Altunizade, Taksim, Osmanbey, Bursa and Yalova) in 2019. Albaraka Türk aims to serve more customers by increasing the number of corners in the following years and allow customers to meet all their financial needs in a space reserved for them. Besides, customers are offered privileges in many areas such as medical services, housing assistance services, road assistance services, travel services, lounge services with Private Banking Credit Card.

Campaigns for Customers

Albaraka Türk continued to run regular campaigns regarding products that stand out for legal entities in 2019. Campaigns have been launched for DBS, AYS, POS, Alneo and SME Financing. With the SME Financing Campaign, business financing and commercial installment financing were provided to SMEs with appropriate rates and a total of nearly TL 1 billion TL financing was disbursed. Besides, during the campaign, cooperation was signed with more than 100 Chambers of Commerce. Lottery campaigns were organized for Western Union, Automatic Bill Payment and Mobile

Branch Products and various gifts were given to retail customers. Commission income increased three-fold in 2019, which was higher than the growth rate of the Western Union in Turkey as a result of the Western Union campaign.

Successful results have been achieved by targeting new customer acquisitions in campaigns organized for retail segments. During the mobile branch lottery campaign, 26% of the Bank's new customer acquisitions consisted of customers coming through the campaign. Automatic invoice order lottery campaign organized for retail customers resulted in approximately three times the amount of monthly invoices currently brought. In addition to product-specific campaigns, advantageous brand collaborations were launched where the Bank could touch the customers' lives outside banking. In this context, teacher customers were given a discount of up to 50 TL for book purchases during the week of 24 November.

Regarding the internal processes of the bank, the sales campaigns organized for employees are carried over to an online platform called FOKUS and integrated into gamification. Employees have the opportunity to also spend points while earning virtual points at FOKUS, which is a specially developed website. Besides, besides financial earnings, special badges were given to employees according to their success and business and entertainment were brought together.

Marketing Activities 2020 Targets

Albaraka Türk Marketing Department aims to have a more productive year 2020 after the last two years in which the stagnation in the sector affected the marketing activities. The Department aims to continue its marketing activities by focusing on SME Banking and Digital Banking. In addition, the Bank plans to reach customers in these segments more effectively and make the interactions more efficient by updating its segmentation model in 2020. The Bank aims to provide services that are more suitable to the needs and expectations of customers by utilizing the banking models that it has developed in addition to its segmentation model. Projects for both channel development and PFM continued in digital banking. These steps are expected to strengthen the Bank's digital banking positioning next year.

A Leading Company in the Field of Technology: Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret Anonim Şirketi

Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret Anonim Şirketi was established to commercialize the software and other technology products produced by Albaraka Türk Bilgi Teknolojileri and sell them domestically and abroad, to create added value within the scope of R&D activities, to meet the software needs of Albaraka affiliates, and to produce technological solutions within the Group.

The main duties and responsibilities of the Company are as follows:

- » All development and growth processes from idea to implementation of mainly but not limited to the following: digital banking applications, payment technologies, crowdfunding software and applications, personal finance and budget management software, asset management software and applications, collection management software and applications, money transfer software and applications, artificial intelligence development and applications, blockchain applications, robotic process automation applications, accounting management applications, credit scoring applications, insurance software and applications, management information systems, turnkey projects, e-government applications, mobile application development, joint project development, data processing software programs, big data and data mining, cloud computing products; management of successful, innovative and market-changing fintech (financial technology) Start-ups,
- » Determining the financial technology ideas, preparing the concept studies and verifying these concepts with the customers and managing the necessary planning and execution activities for the realization of the fintech projects created later,
- » Determining all kinds of brands, corporate identities, market entry strategies and planning and executing promotional activities for these projects,
- » Making sure that implemented fintech projects continue to operate in the market with a sustainable business model,
- » Determining the growth strategy; carrying out sales and marketing collaboration activities for these projects to serve Albaraka Türk Participation Bank Inc., its subsidiaries, affiliates,

ASSESSMENT OF OUR ACTIVITIES IN 2019

The BigBang platform continued to be one of the building blocks that changed Albaraka Türk's corporate culture in terms of innovation.

- » of its subsidiaries or any other Bank, financial institution, company, person or persons or customers,
- » Carrying out the necessary activities to transfer the fintech projects that achieve a certain success to new investors with different exit strategies,
- » Researching financial technology Start-ups operating in Turkey and globally to identify potential global and local fintech initiatives, develop joint programs and manage investment processes,
- » Identifying ventures with the potential to invest for funds managed by portfolio and portfolio management companies and specifically for Albaraka Portfolio Management Inc., and supporting subsequent investment processes,
- » Determining the target realization and success metrics for the invested initiatives, monitoring, controlling, determining the number of personnel required to increase their performance and efficiency,
- » Managing the process of adding new staff and managing the teams,
- » Helping to find new funding sources and investment channels for ventures if needed and managing these processes,
- » Organizing training, publications, events for the Turkish and global fintech ecosystem and ensuring the awareness and recognition of the concept of "fintech,"
- » Creating and developing all kinds of initiatives, software, programs, managing all these structures, investing; these activities include but are not limited to development

- of fintech (financial technology) technological companies and applications by discovering potential business areas,
- » Producing, developing, writing all kinds of software, programs, product-related software including all kinds of defense, security, computing, computer, software system technologies and other issues; obtaining their license rights, obtaining their source codes, leasing, renting, selling, importing and exporting, marketing, and intermediating their sales,
- » Purchase, sale, import, export, assembly, repair, maintenance and repair, rental and lease of all kinds of digital hardware products, computer side hardware products, side hardware units, consumables, computers, computer materials, all kinds of informatics, automation systems, communication devices, products, spare parts, electronic devices and appliances accessories and hardware; purchasing and giving agency, dealership for all kinds of subjects, especially the subjects included in the objective and topic,
- » Organizing all kinds of technical support, training, seminars, conferences, courses, providing consultancy services, providing services, providing infrastructure management, investment, especially for the subjects included in the objective and topic,
- » Developing all kinds of intellectual and industrial rights such as trademarks, patents, designs, utility models for these subjects and carrying out related activities; carrying out

publishing, copying, printing, distribution, renting and selling transactions for all kinds of subjects especially for the subjects included in the objective and topic,

- » Providing all kinds of electronic, communication medium, mobile, internet, intranet, extranet, multimedia, web-based services; establishing subscriptions, conducting internal consultancy and electronic commerce services.

Business Excellence and Digital Transformation

Albaraka Türk Business Excellence and Innovation Department continued working on its digital transformation oriented projects in 2019. The projects carried out in this area are as follows:

BigBang

BigBang, an idea development platform, has released eight calls in total with its second version. This platform allows employees to share their ideas and support each other in putting those ideas into practice. BigBang continued to be key in strengthening the innovative side of Albaraka Türk's corporate culture. In the eight calls made by the bank, over 1,000 ideas were collected from a total of 800 different people. While 24 employees were given their awards, projects were initiated for three ideas that would be beneficial for the Bank.

Discover

The in-house entrepreneurship program Albaraka Discover functions as an incubator for employees. In 2019, work has been initiated to turn the eight ideas previously selected into projects so that they can be implemented. Two projects are now ready to be launched.

Albaraka Garage

Placed under the umbrella of Albaraka, Albaraka Garage is a start-up accelerator that supports entrepreneurs with technology-based business ideas and projects. As the first start-up accelerator in the world established by a participation bank, Albaraka Garage aims to help entrepreneurs who want to develop innovative solutions for banking, work on high-tech applications and have ideas to this end, via incubation and acceleration opportunities. Thanks to Albaraka Garage, Albaraka Türk is committed to keeping the entrepreneurial spirit alive in its organization structure and aims to stand out in an innovative and competitive environment. The Bank rapidly adopts the latest technologies, integrates the most relevant into its banking ecosystem and strives to become the industry's technology- and innovation-centered bank. These efforts in collaboration with entrepreneurs are expected to sharpen the Bank's innovative edge further and keep the Bank energetic.

A total of 960 applications were received in the first and second rounds; 20 entrepreneurs received the jury's approval and got the chance to enjoy all of the aforementioned opportunities. In 2019, POC studies were performed with five of the second round entrepreneurs at Albaraka Garage. Two products were acquired by Albaraka Türk to expand the culture of collaboration with entrepreneurs at the Bank.

Based on the experiences in the first two rounds, some changes were made in the Albaraka Garage program for its 3rd round in 2019. A two-month pre-acceleration phase is also included in the program before the actual acceleration program. Albaraka Garage reached the highest application rate so far, receiving nearly 800 applications for the 3rd round. Having included 22 startups in the pre-acceleration program, the Bank accepted 14 startups in its acceleration programs after the final elimination.

Europe's First Islamic Digital Bank: insha

The platform banking service insha was established on the systems infrastructure created by Solaris Bank AG, which received all the necessary permits and licenses from the German central bank Bundesbank. By using Solaris Bank's banking license, a platform

banking service, insha, was launched to deliver participation banking services across continental Europe. This innovative service is designed to provide a socio-financial solution to Muslims and Turkish citizens in Europe. The insha platform includes applications that meet financial needs while also adding value to users' lives. The service offers the chance to become an online client in just eight minutes while going beyond conventional banking services. The Bank delivers a multi-language platform banking service by providing other features such as namaz reminders, prayer room maps, and zakat calculator, all of which are increasingly sought by Muslims.

Insha, which continued its activities in 2019, has reached over 13,000 users. At the same time, continuous progress has been made to improve insha and three different products have been added since its conception. InShare, which is a fast donation product, inSave, which enables easy savings, and inSight 2019, which keeps the expenses under control have been the products that joined the Insha Family in 2019.

Fintech Venture Capital Investment Fund

Following the surge in start-up activity and entrepreneurial drive prompted by Albaraka Garage, the Bank decided to establish Fintech Venture Capital Investment Fund. This fund aims to create commercial partnerships with talented entrepreneurs who want to learn more about the Bank. Fintech Venture Capital Investment Fund was founded by Albaraka Portfolio Management to support such fintech ventures.

Within the scope of this Fund, investment decisions were made for four initiatives, two from Albaraka Garage's first term and two from Albaraka Garage's second term. A total investment of TL 3 million was made in these initiatives. Inooster (a gamification platform), Pedudi (an education technologies initiative), Fully Integrated (a SaaS solution for e-commerce sites,) and Kronnika (a robotic process automation solution) are some of the investment initiatives.



ASSESSMENT OF OUR ACTIVITIES IN 2019

Turkey's first artificial intelligence supported an easy and fast payment platform, Alneo which has become operational in 2019.

Alneo – Practical and Fast Payment Platform

Alneo offers an innovative and hassle-free solution for POS, the area where fintechs are trying to capture the largest share and became operational as of 2019. The service is planned as Turkey's first artificial intelligence supported, practical and quick payment platform. Alneo features two applications: one that will function as the retailer's safe and another that the customer will use as a wallet if they wish. This will not only eliminate material such as physical POS devices and paper rolls but also provide installment options for credit cards.

Reaching 11,250 customers in seven months with this technology, Alneo not only enabled new customer acquisition but also made Albaraka's POS structure more flexible. 15,603 transactions were carried out in seven months and a total financial volume of TL 31.5 million was reached. With Albaraka's Alneo application, the Bank acquired 1,801 new micro / SME customers. A monthly average of TL 34 million deposit volume was kept in the accounts of these 1,801 new micro / SME customers.

Open Banking

In recent years, Open Banking (API Banking) projects have been increasingly implemented by global banks in response to the evolving requirements of the rapidly changing banking system. These projects serve to ramp up bank integration and cooperation efforts with corporate firms and financial technology enterprises. Banks open up their APIs via a portal, thus acquiring the capability to implement more collaboration in a shorter

space of time. The Bank made a fast and ambitious entry into Open Banking by launching the Open Banking project through the Albaraka API Portal in 2019. Having launched its first API integration at the end of 2019, the Bank aims to continue expanding its cooperation with both corporate firms and financial technology initiatives in the coming period.

SLA - Service Level Agreement / SLA-OLA Process Experience Platform

Dashboards have been created and implemented to monitor all the contact points of Albaraka Türk, either directly or indirectly, to the customer. The SLA project is designed to ensure the traceability and measurability of the Bank's operations. This effort aims to boost productivity and improve customer experience in business processes using manager dashboards developed in-house. The speed and quality of the service provided by the Albaraka Türk Operations Center are followed by "Service Level Agreements (SLA)." Currently, speed and quality are measured through 113 performance indicators and 40 service level agreements. The measurement results are transparently shared with the relevant teams and used in the planning of training and development activities. Service level agreements are revised in line with the developing expectations of customers and the principle of customer orientation. As a result, improvements up to 45% have been achieved in processes in terms of speed and quality.

Process Improvement

To contribute to the digitalization of Albaraka Türk, to have a "continuous improvement" culture, the Bank continued to step up its processes and deliver better services to customers thanks to Agile Process Improvement and Lean Six Sigma models. An average of 28% (max. 69%) improvement was achieved in vital processes in the processes undergoing improvement.

Biometric Signature

Albaraka Türk's Biometric Signature project, which became live in 2019, digitized the Bank's processes and saved time and money. Receipts for transactions of less than TL 20,000 are currently provided with a biometric signature at 19 AlbarakaTürk branches. With this effort, Albaraka Türk aims to deliver its customers a more secure, faster and digital service. This project is also expected to save 2,000 trees over the next 10 years.

Internal Customer Satisfaction Studies

Complaints, requests and suggestions are conveyed through annual surveys at Albaraka Türk to monitor the satisfaction of internal customers. The completion level of related improvement actions is followed up closely via reports by the Top Management which is internal customer-focused. The participation rate of the internal customer satisfaction survey in 2019 was 75%.

Analytical Solution Design and Application Project

Rapidly developing technology and analysis methods provide businesses with the potential to help them make faster decisions and enable innovations that create added value. Albaraka Türk focuses on investing more on data analytics to gain a competitive advantage in critical areas such as efficiency, profitability and sustainable production processes to provide a better service and product portfolio. Analytical Modeling Organization has been designed to cost and prioritize analytical projects that are requested to be operational throughout Albaraka Türk, to build up know-how and to execute the analytical projects with optimum efficiency.

Organizational Development

Within the scope of the changing organizational structure and ongoing intensive technological and functional infrastructure efforts at Albaraka Türk, The Albaraka Organization of the Future Project has started.

Organizational Changes

- » Analytical Solution Design and Application Service was established for Albaraka Türk to manage analytical projects.
- » The name of the Corporate Communications Department has been changed to Communications and Brand Management.
- » The name of the Alternative Distribution Channels Department has been changed to Digital Channels and Payment Systems Development Department.

About Robotic Process Automation

Our Organization

Robotic Process Automation, which was launched in 2018, was configured as a separate service in May 2019. It was maintained with the support of 25 RPA champions from 20 different departments under the coordination of the four-person Center of Excellence team. RPA Champions completed their online and offline training and started to work as part of the RPA team alongside their jobs. They are responsible for the discovery, analysis and development of robot-appropriate processes in their respective business families, especially their units.

Our processes

As of the end of 2019, 60 different processes are performed automatically in different departments across Albaraka Türk by five robots. When these processes are analyzed, five robots are seen as equivalent to 24 human labor force per month. The return rate (ROI) of the RPA Project investment has reached 230%. At the end of 2020, 150 different processes are expected to be performed automatically by robots.

Our Activities

RPA Meet-Up

The second of the RPA Meet-Up Organization, the first of which was held in 2018, was held in October in cooperation with UiPath and hosted by Albaraka Türk. Leading companies in the sector such as Turkey Is Bank, Turkey Finans Participation Bank, Maritime Bank, Turkish Cargo IMM, Yapı Kredi Bank have participated in the event. While the participants shared their experiences about their RPA organizations, they also examined the new products introduced by UiPath in Las Vegas in October. In the presentation titled "Sustainable RPA Organization," Albaraka Türk shared its current structure, processes and experiences regarding the RPA Champions Program.

RPA Hackathon

Albaraka Türk organized its^{1st} the RPA Hackathon and gained 14 new process gains with the participation of six different RPA Champions during the two-week Hackathon.

University Visits

Albaraka Türk makes university visits as part of its social responsibility approach. In this context, the effects of Technological Developments on Business Life in the RPA Industry were explained by visiting four different lectures in three different universities.

"Our Employees are Assets, not Resources..."

In 2019, Albaraka Türk Human Values Department conducted efforts to make a dream come true; this dream is to reach a level of cultural maturity that reflects the values of an organizational structure in which people are the central focus and to describe a new culture form by embodying the concept of value in a real plane. The Human Values aims to boost the loyalty of employees toward the Bank and make the Bank an employer of choice in the eyes of candidates.

Featured Developments in 2019

- » Albaraka Türk's total number of employees totaled 3,791 as of year-end 2019, with 90.7% of the Bank's employees holding a two- or four-year university degree.
- » The Bank recorded 512 appointments in 2019. Temporary assignments have been transferred to the Branch Operations Communication and Coordination Service under the Banking Services Operations Department.
- » The percentage of graduates of elite universities in high-status positions rose from 90% in 2018 to 99.87% in 2019.
- » In 2019 the number of employees reduced by 197; the Bank reported a total of 230 branches and eight regional offices.
- » In 2019, 143 new employees were hired by Albaraka.
- » The Bank appointed a Chief Legal Counsel, 11 Unit Managers, three Regional Managers and 21 Branch Managers in 2019.
- » The Bank received The Respect for Human Award, organized by Kariyer.net, for the 12th time in a row in the banking sector.
- » As part of digitization efforts, the Bank shifted to the Recruitment Module, which will be used to track work applications and candidates. A total of 132,000 applications were received over the Recruitment Portal and as intra-service suggestions and about 99.87% of candidates were provided with a positive or negative response.
- » Traineeship opportunities are provided for Turkey's leading students under an occupational education agreement. Some 146 high school and university students who wanted to complete their compulsory internship at Albaraka Türk were offered internships.
- » Workshops were organized for people with different profiles, ranging from potential employees (undergraduates) to personnel having just completed their first year at work; these workshops were about important concepts such as Career Mentality, Young Albaraka Employee Mentality, Employee Mentality and Branch Mentality.
- » The Bank used social media accounts to create a strong employer brand and communicate with potential candidates.
- » Workshops were organized for employees to bring out their personalities, personal characteristics and professional values. Motivational activities – such as efforts to boost productivity – were also conducted during the year.

ASSESSMENT OF OUR ACTIVITIES IN 2019

Albaraka Türk has accelerated its brand positioning efforts for the future with the brand "There is More."

- » Albaraka Türk analyzed the social activities and hobbies of the staff and created new content accordingly. The continuity of the established social clubs was ensured and related clubs were supported with budgets. (Activities were organized such as Children's Drama Performance, Knowledge Contest, Gastronomy Event, Women's Volleyball Event, Ceramics Education, Book Reading Group Event, Camping and Hiking Event, Islands Bicycle Tour, Eurasia Marathon and Trekking.)
 - » To strengthen the employer brand, the Bank conducted strategy efforts with Great Place to Work and Way to Say. The Bank published the employee satisfaction survey called Great Place to Work (GPTW) to measure employee confidence.
 - » The employer brand was launched. Albaraka Türk has accelerated its brand positioning efforts for the future with the brand "There is More."
 - » As part of the project Game at Work, the Bank signed a deal with the firm BASME to set up an educational workshop for employees' kids.
 - » Thanks to the Masters in the Field project, current employees tapped into the know-how of retired employees, who provided feedback as consultants. As part of the Masters in the Field project, the project was carried out with visits to 58 branches.
 - » Albaraka Türk employs a permanent workplace physician and an expert nurse to ensure that employees have swift access to physical and mental health services at the Head Office.
 - » The Bank continued to hire dietitians to inform employees and their families at the Head Office and Istanbul branches about healthy eating habits. Specialized psychologists are also hired to strengthen the mental health of employees who require such a service.
 - » The Bank organized seminars on Health and Communication within the Family.
 - » In 2019, collective interviews were organized for IT Business Family and Call Center Service and a collective exam was held for the Presidency of Inspection. A large number of Young Albaraka employees were recruited for the Istanbul Call Center.
 - » The Bank continued to conduct preliminary video interviews via the HR Venue system and held online video interviews with certain candidates in Anatolia. The Bank shortened the interview process by using preliminary video interviews.
 - » In keeping with the principle of placing the right person in the right position, Albaraka Türk extended contracts with contracted recruitment web sites and acquired additional modules with new functionality to reach more candidates.
 - » The Bank has been carrying out competency measurement, personality inventory assignment and interview scheduling with the Cloud service provided by Empatik company since last year. The Bank also started to use Empatik for the follow-up process (interview and recruitment process) of the candidates, to inform the candidates who ended the process negatively, to categorize and report the reasons for the rejection of the candidates, and to record the interview notes in the digital environment.
- Printed application forms were completely removed and all applications were transferred to digital media (Empatik) with a personalized Cloud service. Data about both current and past candidates is tracked on a single platform. The signature and approval system, which has reached its final stage, will be taken live and transferred to digital via Empatik.
- » Thanks to its Human Values Policy, Albaraka Türk is focused on a better understanding of individuals. To this end, the Bank has recruited three psychologists to fully understand candidates and internal customers in interviews and to assess them more healthily. At least one psychologist attends each interview to measure the candidate's level of competence and communication. The results of the personality inventory (PIT), which each candidate takes before the interview, as well as the psychologist's assessment, are integrated into the candidate selection process and employee exits.
 - » In October 2019, the Employee Experience Project started with three (two current) psychologists at the Recruitment Service; they each spent one month as a rotation at the Marketing Management Customer Experience Service and worked in partnership with the relevant service. As a result of this work, while the Employee Journey Map study has not been finalized, it has been prepared to a great extent and the contact points in this journey have been determined. Based on these contact points, three Interview Experience questionnaires have been submitted to the candidates; one Appointment Experience Questionnaire, one

- Promotion Experience Questionnaire and one Rotation Experience Questionnaire have been sent to the employees. Reporting of the related surveys has been started and the aim is to continue with the survey studies at other contact points on the Journey Map during the year.
- » Related portfolio managers at Procurement Service, accompanied by a psychologist, started to visit all branches across Turkey. 46 branches were visited in 2019 to hear opinions, suggestions and complaints firsthand during one-on-one meetings and visits; branch reports were submitted to all levels from Recruitment Service Manager to HR Assistant General Manager and actions were taken on issues accordingly based on their guidance.
 - » The same study was carried out within the scope of the "You Tell Us Project" at Headquarters, and four units and one service (Call Center Service-ÖSOM) were visited.
 - » The three-month Orientation Process was designed for new employees and started to be implemented in units, especially the IT Business Family. Orientation Coaches from each unit have been determined and announced for the Orientation Process. An Orientation Booklet was prepared to introduce the Bank and started to be delivered to new employees in digital form. Periodic discussions with new employees and Orientation Coaches were carried out for process monitoring.
 - » 28 inexperienced and 36 people with various levels of competence and experience were recruited for the IT Business Family.
 - » 93 Young Albaraka employees were employed in 2019.
 - » In 2019, the Humanist System was used actively across all platforms. As part of Digital Human Values practices, the Bank activated the Overtime Module on the Humanist System. Besides, the transition to F3 Screen was achieved.
 - » The PPS employer contribution was aligned with employees' seniority to award senior workers and enhance employee loyalty. The Bank's contribution to the staff's private pension schemes, which varies between 2% to 5% of gross salary depending on seniority, was transferred monthly to the participation pension company in 2019.
 - » The settlement of the fees for employee incapacity reports was implemented; loss of time and cost as a result of the employees' following the incapacity wages through PTT was eliminated.
 - » The Bank further boosted employee satisfaction with the Flexible Side Benefits scheme. Now, employees can choose the side benefit best suited to their individual needs. The "Showcase" portal application continues in terms of flexible side benefits.
 - » The Bank collaborated with Korn Ferry Hay Group to evaluate its business based on services; based on this work service-based remuneration and salary differentiation was implemented.
 - » The web-based F3 version was launched for the Humanist Program, which is the HR application.
 - » The Bank was included in the category of "Best Employers" by the company "Great Place To Work" in 2019.
 - » Attempts to integrate a mobile-compatible communication platform will continue to reach employees faster and receive quick feedback.
 - » A digital system will be established on the Anka Platform, where Young Albaraka will enter their scores.
 - » T-Declaration will be implemented within the scope of the Concise Declaration and SGK Service List merger project and monthly Premium Service Documents will be reported in this way.
 - » Market research and development will continue for the "Flexible side Benefits" and "Flexible Work" process in 2020.
 - » As in 2019, wage studies will show sensitivity for market compliance in 2020.
 - » Vacation management system development studies will continue.

Expectations and Projections for 2020

- » In 2020, Albaraka Türk will continue to undertake a wide range of efforts and projects to move its corporate structure forward into the future, become the employer of choice in the banking industry and maintain this position, with the help of its valued employees who are open to change and innovation.
- » Collective examinations will be organized for open positions if deemed necessary.
- » To recruit highly competent employees for Albaraka Türk, the Bank will increase the number of "Career Head" events, supported by technical visits, to reach out to youth at the country's top-notch universities.
- » Unit visits and branch visits will continue as part of the "You Tell Us Project" in 2020.
- » To boost efficiency and render recruitment processes more effective and rapid, the Department will complete the changes in job definitions and ensure job continuity.
- » Work on orientation processes will continue and new employees will be followed periodically.
- » Initiatives to use Kaizala / Teams programs will continue.
- » Attempts will be made to continue the "Digital Talks" activities organized within the scope of the Digital Culture project.
- » The "Exchange Assembly" mechanism will be enabled to operate more effectively to ensure and increase the adaptation of employees to cultural change; technologies such as gamification will be utilized to reinforce if necessary.
- » Work will start for the "Albaraka from Generation to Generation" project.

Performance and Career Schemes

Training Activities

In 2019, employees received a total of 248,202 hours of training and 62.5 hours of training per person. Approximately 60% of this training took place in the digital environment. Digitalization efforts in training activities have contributed positively to employee comfort, work-family balance and employee satisfaction.

The highlights of the training given in 2019 areas follows:

- » "New Customer Acquisition and Fund Collection" training was given in 10 different training centers by the internal trainers participating in the Brand Trainer Project to 1,100 employees working as sales staff.
- » "Experiential Learning-Outdoor" training was launched.
- » "Early Warning Signals in Troubled Credits" and "Foreign Trade" trainings were held for the personnel working in sales.
- » "Basic Accounting and Applied Financial Analysis Techniques" training was provided for the staff working in the allocation service.
- » Besides, training programs on Occupational Health and Safety, "Prevention of Laundering of Crime Proceeds and Financing of Terrorism" (MASAK), Information Security and Protection of Personal Data (KVKK) were organized.

ASSESSMENT OF OUR ACTIVITIES IN 2019

While Albaraka Academy continued its activities at full speed in 2019, e-learning trainings increased by 33.8% compared to the previous year.

Certificates

To increase the competencies of the Bank's employees, the following certificates have been awarded to employees through the Institution, University and Education companies:

Certificate	Total Number of Staff
Capital Market Licensing (SPL)	622
Private Pension Licensing (BES)	1,336
Technical Staff Competence (SEGEM)	1,759
Basic First Aid	301

Other External Certificates are as follows:

- » Project Management
- » International Financial Reporting Standards
- » Human Resources Expertise
- » International Certified Internal Auditor (CIA)
- » International Certified Internal Control Specialist (CICS)
- » International Certified Information Systems Auditor (CISA)
- » International Certified Information Security Management (CISIM)
- » International Information Technologies Infrastructure Library Specialist (ITIL)

Besides, the following certificates were provided to the personnel through in-house training.

- » Participation Banking Certificate
- » Operations Management Certificate

Internal Training

"Brand Trainer" project was carried out to ensure that the experience, knowledge and practices within the Bank are transferred to the employees in line with the Albaraka culture and working principles, and to expand the internal trainer staff so that there is more focus on internal resources in training programs. 54 new trainers were added to the existing internal trainers after the completion of the certification process was and the project was launched in 2019.

Smart Board

Albaraka Türk, a pioneer in educational technologies, started to use "Smart Board" in 2019 to increase productivity in education and digitalization.

Management Training

"Management Workshop" programs were organized to increase the competencies of Albaraka Türk executives.

IT Training

The "Artificial Intelligence" training project was carried out for the employees of Albaraka Türk, working in IT units for about a year. Training programs such as "Business Analysis Methodology, COBIT, ITIL, Secure Software" were organized and employees in the IT Business Family were provided with technical information.

Programs such as "Power BI, Reporting and Report Writing Techniques, Presentation Skills" were developed to improve the competencies of employees.

Educational Technologies

"Albaraka Academy" was established in 2013 to provide the employees the best training opportunities in the market while using the newest educational technologies in line with the vision and mission of Albaraka Türk as well as administering the necessary training programs effectively by bringing together the needs of both the Bank and its employees on the same ground. It continued its activities at full speed in 2019. In 2019, e-learning trainings increased by 33.8% compared to the previous year.

Virtual Classroom Project

Albaraka Türk has entered the digital era in training, under its organization-wide digitization drive. In virtual classrooms, personnel can engage in video and audio interaction with instructors via their computers, ask questions, take notes, and reinforce their learning process with assessment questions posed during training. Besides, training is recorded and then shared with participants to help them consolidate the information learned. Thanks to the digitalization efforts such as virtual classrooms in 2019, nearly TL 4 million savings were realized in the training budget.



International Orientation Programs

In 2019, International Orientation Programs were carried out within the scope of Albaraka Academy activities. With its International Orientation Programs, the Bank provides training on the basic principles of participation banking, the responsibilities and processes of various Bank departments, and information on the Bank's products and services. 64 participants participated in the International Orientation Program, 17 of which were in 2019.

E-mobile Application

In 2019, with its mobile browser compatible design, the e.Mobile application allowed access to Albaraka Academy from everywhere and delivered training sessions 24/7, in the fastest manner. The new mobile-friendly interface of the e.Mobile application came online to provide stronger support to learning at anytime, anywhere. In total, 13,024 hours of mobile learning were delivered during the year. Thanks to Albaraka Academy's e-Mobile app, the Bank staff can continue their personal development and learn anywhere: on the road, on the service bus or at home.

Personal Development and Learning Platform

On the Personal Learning and Sharing Properties Platform, 66 social groups were formed and 14,063 training badges have been awarded to date. These training groups support the staff's personal development 24/7. Also, the groups boost employee interest in Albaraka Academy and e-learning. Employees can keep track of the training schedule thanks to the "Best Of" list updated monthly.

Post Graduate and Doctoral Theses

The "Thesis" section on the main page of the web site www.albarakaakademi.com is for Bank employees to share their knowledge with other staff members via a common platform. This section includes thesis publications written by postgraduate and doctorate employees at the Bank. As of the end of 2019, there are 46 theses in total at Albaraka Academy.

Online Certificate Exams

646 employees of Albaraka Türk took promotions tests. Savings of TL 100,000 were recorded with the online promotions testing made via Albaraka Academy.

Albaraka Academy TV

Albaraka Academy TV features the use of educational technologies (videos) as a learning tool. The videos are designed to enrich employees' knowledge, attitude and behavior. Founded on the principle of sharing information through mutual interaction, Albaraka Academy TV has published 973 training and development videos as of end- 2019. New videos are added to the collection every day.

Digital Library

The documents uploaded to the Digital Library, where training documents are stored online to be accessed from any location at any time, were downloaded 25,427 times in total in 2019.

ASSESSMENT OF OUR ACTIVITIES IN 2019

Albaraka Türk attaches great importance to meeting customer needs and expectations with the principle of unconditional customer satisfaction.

Performance Management

Albaraka Türk aims to improve its performance measurement activities which use system-based objective data for the branches in the previous periods and to implement this process for the Head Office units, where data is available. The Three-Dimensional Performance Evaluation System will be beneficial for the development of the management climate. The 3D evaluation enables the personnel to express their opinions about both their first-level manager and the second-level manager. Process evaluation activities carried out in conjunction with the 3D evaluation system help teams that have a business relationship with each other to evaluate the service they receive and develop constructive suggestions.

Career Planning

Flexible promotion dates were introduced in the promotion system for the first time at the Bank in 2019. Also, all promotion criteria have been made objective. The personnel can observe these criteria and continuously monitor their situation with the help of the career table application. The promotion system has been made completely certificate-based, resulting in an increased level of knowledge and certification of employees. The Young Mentoring Project, one of the Bank's brand projects, was concluded and the project received full marks from the participants.

Mentoring

With the young mentor project, which was realized as a first in the participation banking sector in 2019, new employees to the Bank were able to mentor senior executives and generation differences have been converted into a value for the Bank. The managers were able to share their way of doing business officially with the Mentor Albaraka Project, which aims to support the newly-appointed branch managers.

Assessment Center

The evaluation center studies continued as part of management training activities in the Albaraka Türk career management system in 2019. A systematic approach has been introduced to manager appointments with the Manager Candidate Pool systems.

ISO 9001: 2015 Quality Management System Certification Project

The Bank decided to continue using the new version ISO 9001: 2015 Quality Management System Certificate for its External Audit Process.

Digitization of Internal Audit Processes Project

The internal audit process in Albaraka Türk was transferred to the electronic environment via the help of tablets; an electronic form was designed and used in internal audit processes.

Customer Satisfaction: Top Priority

Albaraka Türk attaches great importance to meeting customer needs and expectations with the principle of unconditional customer satisfaction. The projects launched by Albaraka Türk in 2019 to meet customer satisfaction are as follows:

As a result of the 2019 reviews made by www.sikayetvar.com, which is an independent complaint management site, Albaraka Türk is expected to be among the "Best Handling Complaints Banks" that provide quick and effective solutions to customer complaints as it had been in 2018. This success is a result of the work that started with the slogan: "We do not respond to complaints, WE SOLVE THEM."

To carry out its services following quality standards, Customer Satisfaction Service earned the "ISO 10002: 2014 Customer Satisfaction Management System Quality Certificate" for Albaraka Türk in September 2019 without the need for any external resources. This certificate contains the most advanced standard regarding customer complaints. Earning this document for the Bank registers and certifies that customer notifications are managed more meticulously. The document has brought service standards to a higher level by positively affecting Albaraka Türk's corporate reputation both in terms of customers and other banks, participation banks and organizations. Surveillance audit for ISO 10002: 2014 Customer Satisfaction Management System Quality Certificate was performed by Vericert Certification and Surveillance Services Limited Audit Firm on

September 04, 2019. The auditors visited the Customer Satisfaction Service and examined the compliance of the Complaint Management processes with the ISO Customer Satisfaction Management System Standards as part of the audit. As a result of the audit, no non-compliance with the ISO 10002: 2014 Customer Satisfaction Management System standard was detected in the Albaraka Türk business processes and the Bank's Quality Certificate has completed its surveillance audit.

Albaraka Türk's targets for 2020 to increase customer satisfaction are as follows:

- » To be ranked first among all banks in the Complaint Management Achievement List determined by Şikayetvar.com,
- » To reduce the average response time below the realization figures for 2019,
- » To give Customer Satisfaction-focused trainings to all bank staff and thereby prevent customer dissatisfaction, ensure 100% customer satisfaction and form a loyal customer base,
- » To complete the move of Let's solve the problem- Route Workflows module to Rota Plus to manage the notification processes more effectively and enable all Bank staff to give quick feedback by reaching the notifications assigned to them more easily and from a single screen,
- » To follow the sectoral and technological developments and adapt the service accordingly.

Steps to Improve Service Quality

Albaraka Türk carries out efforts to improve the quality of service provided by the Administrative Affairs Department, implement practices that increase employee satisfaction, lower costs while increasing quality, and implement new technologies and applications at the Bank.

Administrative Affairs Department' activities in 2019 are as follows:

Environmental Sustainability Studies

Albaraka Türk demonstrates sensitivity and respect to the environment, meticulousness in using the world's resources, resolve to leave a habitable environment to the next generation through participation in various initiatives. These include its Environmental Policy implemented in environmental and waste management issues, the Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), Zero Waste Project, among many others.

Green Building Project: LEED EBOM

Albaraka Türk is the first bank in the industry to obtain Green Building Certification for its Headquarters Building.

Carbon Disclosure Project (CDP)

Carbon Disclosure Project (CDP) is recognized as the world's most comprehensive and prestigious environmental project and aims to collect and share information that will enable companies, investors and governments to take action against the threat of climate change. Albaraka Türk achieved a C degree in 2017 and 2018 and a B degree in 2019 in this project.

Zero Waste Project

Albaraka Türk aims to prevent waste, use resources more efficiently, reduce the amount of waste generated and recycle waste by supporting the Zero Waste Project launched by the Ministry of Environment and Urbanization.

Paper Consumption Reduction Studies

By programming copy machines (preventing unnecessary outputs sent to the printer which are forgotten or re-sent, setting the duplex/ back printing option on the devices as the default setting), executing the processes over the system and recycling of the waste papers given to the recycling company;

- » 543 trees were prevented from being cut,
- » 131,000 kWh of energy was saved,
- » The release of 5,655 m³ of greenhouse gas to nature has been prevented,
- » 895 m³ of water was saved and
- » 80 m³ of storage space was saved.

Recycling and Reuse Studies

Albaraka Türk carried out the following activities for recycling and reuse in 2019:

- » To prevent the waste batteries from mixing into nature, the batteries were separated and collected at the Headquarters building. Approximately 50 kg of waste batteries were separated annually and delivered to the official waste collection authority TAP (Portable Battery Manufacturers).
- » Cardboard boxes used for transportation in the Headquarters Building were used approximately 15 times. Cardboard boxes, which have completed their economic life, have been given to recycling facilities.
- » The equipment was used for a long duration thanks to the periodic maintenance of the tools, equipment and fixtures within Albaraka Türk.

Energy Consumption Reduction Studies

The following activities were carried out in 2019 to reduce energy consumption at Albaraka Türk:

- » Covering the exterior facade of the Headquarters Building with glass film,
- » Arranging lighting systems and their durations,
- » Fixing the heat settings in the thermostats,
- » Regulating the working hours of heating and cooling systems.

As a result of such studies, the total electricity consumption has been reduced by about 29%, thereby achieving savings corresponding to the electricity consumption of approximately 450 households.

Energy Audit Studies

Feasibility studies of various energy efficiency investments were calculated by performing ASHRAE Level II energy survey in 2019 at Albaraka Türk.

ASSESSMENT OF OUR ACTIVITIES IN 2019

In 2019, environmentally sensitive products were preferred within the scope of Albaraka Türk's purchasing activities.

Lighting Systems

The following lighting systems studies have been carried out for energy saving at Albaraka Türk:

- » High-efficiency lighting fixtures were used in the Albaraka Türk Headquarters Building.
- » Fluorescent bulbs used in lighting fixtures are selected from models with low mercury.
- » The Albaraka Türk Headquarters Building is designed to ensure maximum daylight utilization. In this way, it is aimed both to reduce the energy spent on lighting and to increase the positive effects of daylight on the people working indoors.

Water Consumption Reduction Studies

The following activities were carried out in Albaraka Türk in 2019 to reduce water consumption:

- » Installing water-saving apparatus, which provides the same effect with less water, in the Albaraka Türk Headquarters washbasin taps resulted in a reduction of about 20% water consumption.
- » Efficient water consumption was achieved by meeting the water needs of green areas through the drip irrigation system and sprinkler method.

- » The treated artesian water was used in the sinks and for irrigation of the greenhouses of the Headquarters. The wastewater used in the washbasins was treated with the gray water project and reused in the reservoirs.

Refrigerating Gas Use

The amount of refrigerating gas used in the equipment in the Albaraka Türk building is evaluated via GWP and ODP values.

Air Conditioning and Fresh Air

Albaraka Türk carried out the following activities in 2019 to provide an efficient environment for its employees employed within the Headquarters:

- » The air in the external environment is purified from dust, dirt and poisonous gases by using high-efficiency filters in air handling units so that clean air can enter the Headquarters building.
- » The fresh air rates given inside the building have been kept above the international level.
- » The fresh air rate given to the Albaraka Türk Headquarters building was kept under constant control by monitoring through the automation system the air handling units that supply fresh air.
- » A "no smoking" sign is placed at the points where cigarette smoke is at risk of entering the building.

Purchasing Studies

- » Environmentally sensitive products were preferred in purchasing activities in 2019 at Albaraka Türk.

Service Vehicles

- » Service vehicles used at Albaraka Türk have been replaced by vehicles with reduced exhaust emissions.
- » Marketing vehicles were reduced by approximately 65%, resulting in reduced exhaust gas emissions.
- » The vehicle tracking system was installed in the vehicles which are used by branches for marketing and vehicle usage was tracked in detail. Vehicle fuel consumption is reduced by approximately 15% in this way.
- » Electric vehicles that do not work with fossil fuel have been added to the fleet of service vehicles.

Landscape

- » Plant species with low water consumption and those suitable for the climatic conditions of the activity region were used in the green areas of Albaraka Türk Headquarters building.

Pest Control

- » Nature conscious pesticides approved by the Ministry of Health Primary Health Care General Directorate were used for the sustainable cleaning of the Albaraka Türk Headquarters building and its surroundings.



Transportation

- » Transportation to Albaraka Türk Headquarters building is provided by personnel service vehicles. Providing transportation service to the employees helps carbon gas emission reduction and nature protection.

Occupational Health and Safety Activities

The following activities were carried out in 2019 for Headquarters and all branches, separately for each location in line with the framework of the Occupational Health and Safety Law No. 6331:

- » Preparation of Risk Analysis,
- » Preparation of Emergency Plan,
- » Setting Up Emergency Crews,
- » Drafting Floor Plans,
- » Conducting Evacuation Drills,
- » Providing Occupational Health and Safety Training (First Aid Training, Occupational Health and Safety Training, Emergency Training),
- » Determining OHS Needs.

As part of the Occupational Health and Safety activities of the 10 branches opened in the fiscal year 2019, the Bank conducted a risk analysis, emergency plan, emergency drill, emergency team list, occupational health and safety instructions, floor plans, occupational safety training, and employee representative selection efforts. In addition,

- » Headquarters Building Risk Analysis was prepared and precautions were taken for potential risks.
- » The following trainings were given to the employees as part of Occupational Health and Safety and Emergency Management:
 - » Occupational Health and Safety Trainings (For employees who have not received classroom training as specified in the legislation),
 - » Occupational Health and Safety refresher training via distance learning which was given online for the first time in Turkey (For employees who have already received the training but are up for renewal training),
 - » Orientation Training (For newly recruited employees),
 - » Emergency Teams' Emergency Tasks and Responsibilities Training (For Headquarters Emergency Floor Teams),

- » Groups Training Requiring Special Policy in Working Life (For young, old, disabled and female employees),
- » First aid training (To emergency team members in a ratio as determined in the legislation),
- » Working at Height and Personal Protective Equipment Training (For technical team employees),
- » Hygiene Training (For employees providing cleaning, tea and catering services).

Emergency Activities

The following activities were carried out in 2019 as part of Emergency Activities by Albaraka Türk:

- » The Bank effectively organizes Emergency Management efforts to ensure the safety of customers, employees, documents, computer systems and data against possible damages that may arise at Head Office and the branches. These efforts are relevant to all employees, assets, activities and systems of the Bank in the event of acts of God, terrorist acts, system damages, workplace movements and other such unexpected and extraordinary situations.

ASSESSMENT OF OUR ACTIVITIES IN 2019

Albaraka Türk aims to continue its communication activities effectively and consistently in line with its vision of "Sustainable Growth and Profitability."

- » Emergency training was given to the emergency crews at Headquarters and the branches.
- » The annual evacuation drills are conducted to raise the awareness of Headquarters employees. An evacuation drill was held on 26.09.2019 and the drill was completed in 11 minutes.
- » Fire/evacuation drills were conducted at all branches.

Savings Studies by Construction and Real Estate Department

Albaraka Türk Construction and Real Estate Department has achieved significant gains by focusing on savings practices in 2019. The first area where significant savings were made in 2019 was the budget for rent of the service buildings. As a result of negotiations, reductions in rent were achieved for many service buildings instead of increases and for the service buildings where there was a rent increase, the increase was lower than the inflation rate. As a result of these efforts, there was an average rent increase of 6.96% instead of the average inflation rate of 18.63% in 2019. Thanks to these savings, the Bank will achieve reductions in an important expense budget during the term of the lease agreements.

Besides, cost reduction efforts continued during the construction works, which is another important budget item, as in previous periods, and a significant budget saving was achieved in this way.

Communication and Brand Management Studies

Albaraka Türk successfully continued its communication activities by changing the name of the Corporate Communication Department to the Communication and Brand Management Department in 2019. The main duties of the Communication and Brand Management Department are; digital transformation, innovation, entrepreneurship ecosystem, innovative products and services as well as culture, arts and publishing activities. Besides, the Sustainability and Social Responsibility Program, which completes the corporate culture and values system, and is carried out with the firsts-innovations brought to the country and the sector is at the center of the main activities of the Department.

2019 Activities

- » A corporate image campaign with the theme of "is it worth" to celebrate the bank's 35th anniversary was organized for brand communication in 2019. Campaigns that use media such as TV, digital radio and outdoor describe Turkey's first interest-free bank Albaraka Türk's contributions to the economy with the financing provided by Turkey for 35 years as well as to the community with its social responsibility activities, especially traditional arts such as the line and illumination.

- » Campaigns have been carried out in digital channels to communicate PTT cooperation, innovative payment system Alneo, money transfer service to other banks outside of office hours, POS and fuel management system products tailored to the needs of SMEs as marketing communication.
- » Besides, films special to Ramadan and Eid al-Adha were used to celebrate customers' religious festivals.
- » The cultural and artistic activities of Albaraka Türk are explained with a movie.
- » In addition to explaining the products and campaigns throughout the year, the Bank's social media channels announced important social responsibility activities and important news and developments.

Communication and Brand Management 2020 Targets

- » Albaraka Türk Communications and Brand Management Department aims to continue its communication activities effectively and consistently in 2020 in line with the Bank's objective of "Being the World's Best Participation Bank" to pursue the Bank's vision of "Sustainable Growth and Profitability." The Department plans to continue its "value" oriented communication activities in the following subjects, which will add value to the economy and society, especially customers and other stakeholders.

- » Carrying out efforts to support activities based on "Sustainable Growth and Profitability,"
- » Emphasizing the goal of "Being the Best Participation Bank in the World" in both external and internal communication,
- » Being a pioneer among the participation banks especially with technology-oriented studies and being mentioned for these studies,
- » With the completion of the digitalization program process; effectively conveying the transformation story to the public by communicating the breakthroughs in producing, using and exporting technology,
- » Carrying out various projects for more active and effective communication of Albaraka Garage Start-Up Center,
- » Carrying out special projects, especially campaigns that increase the ratio of online transactions in banking transactions and that support open banking application,
- » In addition to the main banking activities, carrying out communication actions that will complement innovative and creative products, services and activities and increase the value-added to the society, such as "BIST Sustainability Index," "Sustainability

and Social Responsibility Program," "Masters on the Field," "Zero Waste," "Smart Future," "HR Competencies," "In-house studies," "Awards and Award Applications,"

- » Within the scope of publishing activities, supporting the publicity and announcements of the books that are published and to be published; within the scope of culture and arts activities, supporting national and international exhibitions organized in parallel with the "international line contests."

Long-Term Social Contribution Projects

Albaraka Türk, which is committed to being an exemplary corporate citizen, undertook numerous social responsibility projects in 2019. Via the Bereket Foundation which it has founded, the Bank donated TL 8 million to education, health, environment, culture, sports, classical arts and social development projects in 2019.

Albaraka Art Academy and Gallery

In the fourth year of its establishment, Albaraka Art Academy continues its activities in five different art branches: calligraphy, illumination, marbling, miniature and tile.

Albaraka Pen's Abundance Calligraphy and Illumination Exhibition met art lovers in seven cities in total, especially in Ankara, Erzurum, Izmir and Trabzon in 2019. Internationally, Albaraka Hat Collection was exhibited in Amsterdam and Rome in cooperation with Yunus Emre Institute.

Albaraka Art Gallery hosted seven different personal exhibitions consisting of miniature, calligraphy, illumination and oil paintings throughout the year.

Culture and Art Club

40 entertaining and educational information competitions which appeal to all staff throughout the Bank were organized with the participation of Headquarters and Istanbul Branches employees. Again, with the participation of Headquarters and Istanbul Branches employees, training on gastronomy was organized in the Italian cuisine workshop. In the event, which was organized as a report card present for the children of the Bank's employees, many entertaining activities ranging from illusion show to pantomime, shadow play, to Karagöz and Hacivat, and games for children and parents took place.

Traditional Ottoman Turkish marbling art



ASSESSMENT OF OUR ACTIVITIES IN 2019

Albaraka Türk has provided outright scholarships to a total of 62,454 students since 1987 through Bereket Foundation.

Social Responsibility Club

Village Schools were visited throughout our country; activities were organized with students, and clothing and stationery aid were provided. Again, within the scope of social responsibility, 20 bags of garbage were collected in Aydos Forest, 36 personnel contributed to the Sapling Planting event of the Forestry Directorate held in Eyüp. Medicine aid was provided to Syria through IHH.

Bereket Foundation Contributes to Education

Since 1987, the Bank has offered scholarships to a total of 62.454 students, 95% undergraduates and 5% graduate students, through the Bereket Foundation. Scholarships are granted regardless of the areas of study, to deserving students across the country. Besides, periodic educational support is provided to support specialization and scientific research abroad.

Via Bereket Foundation, the Bank's objectives are;

- » Preparing opportunities for talented but needy students studying at every level to provide their education, providing them with cash support and in-kind assistance,
- » Granting scholarships to students for practical application, specialization and scientific research, graduate and postgraduate studies in the country and abroad,
- » Making investment expenditures required for education,
- » Supporting people in need of cash support and kind assistance

In 2019, the Bank granted scholarships to 1,855 undergraduate and 92 Ph.D. students, 1,947 students in total.

ANNUAL REPORT COMPLIANCE OPINION

(Convenience translation of a report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the Shareholders of Albaraka Türk Katılım Bankası A.Ş.

Opinion

We have audited the annual report of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") and its subsidiaries ("the Group") for the period of 1 January 2019-31 December 2019.

In our opinion, the consolidated and unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated and unconsolidated financial statements and the information we obtained during the audit.

Basis for Opinion

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

Our Auditor's Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We have expressed unqualified opinions in our auditor's reports dated March 2, 2020 and February 10, 2020 on the full set consolidated and unconsolidated financial statements of the Group and the Bank for the period of 1 January 2019-31 December 2019.

The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Group is responsible for the following items:

- Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated and unconsolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the Board of Directors is also included in this report.
- The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Group,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.
 - Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006, "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 (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations, on whether the consolidated and unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated and unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated and unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated and unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Emre Çelik.

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



Emre Çelik, SMMM
Associate Partner

March 5, 2020
İstanbul, Türkiye

BOARD OF DIRECTORS



Adnan Ahmed Yusuf Abdulmalek Chairman

Mr. Adnan Yusuf was born in 1955 in Manama (Bahrain). He studied Administrative Sciences at the Hull University (England) where he also completed his master's degree. In recognition of Mr. Yusuf's outstanding contribution in the field of contemporary Islamic finance and for modernizing its theoretical fundamentals in practice, the Al Jinan University of Lebanon granted him an Honorary Doctorate of Philosophy in Business Administration.

He commenced his banking career in 1973 at Habib Bank. He worked at the American Express Bank between the years of 1975 and 1980 as assistant manager of credit transactions. He then held the following positions at Arab Banking Corporation (ABC) from 1980 onwards: Manager of the main branch, Deputy General Manager and Vice Chairman, Director of Global Marketing and Financial Institutions Division, Head of Arab World division, Vice Manager of Subsidiaries and Investments. In 1998 Mr. Yusuf became Chairman of ABC Islamic Bank (EC). He took office as the CEO of Bahrain Islamic Bank during 2002-04 and two terms (2007-2013) served as the Chairman of the Board of the Arab Bankers' Union in Lebanon.

Since August 2004, he has been working as a board member and CEO of the Albaraka Banking Group (ABG). As President & Chief Executive, Mr. Yusuf has led Albaraka Banking Group (ABG) since inception, developing the Group into one of the largest and most diversified Islamic banking groups in the world, operating a network of around 700 branches in 17 countries, with its Head Office in the Kingdom of Bahrain.

In 2011, Mr. Yusuf received the Medal of Efficiency, a unique honor conferred by His Majesty King Hamad Bin Isa Al Khalifa, the King of the Kingdom of Bahrain. In 2017, Mr. Yusuf received the Honorary Freedom Award, the highest honor from the City of London for his outstanding contributions to international banking services.

The Global Islamic Finance Awards (GIFA) has declared Mr. Yusuf as the Islamic Finance Personality of the Year 2017. He was also awarded by the LARIBA American Finance House the 2012 LARIBA Award for Excellence in Achievement in recognition of his leadership role in consolidating and operating the largest diversified Islamic banking group in the world. In 2004 and 2009, he twice received the Islamic Banker of the Year award (2004 and 2009). Mr. Adnan was awarded the "Excellence in Partner Empowerment for 2019" and "The Arab Economic Socially Responsible- Personality" awards by the Regional Network for Social Responsibility in 2019.

In 2017, Mr. Yusuf won the 12th Islamic Business & Finance Awards for his Outstanding Contribution to CSR in Islamic banking. In 2016, the CSR Regional Network named him as the High Commissioner for advocating the United Nations Sustainable Development Goals 2030. The CSR Regional Network, in 2015, named him the CSR International Ambassador (Kingdom of Bahrain). He also received the Gold Award for Sustainable Development for his major role in the social responsibility programs nationally and internationally in 2016, as well as recognition for the leading role of ABG in the field of CSR at Oman International Conference on Social Responsibility.

Mr. Yusuf has been the Chairman of the Board of Directors, Credit Committee and Remuneration Committee of Albaraka Türk since April 2005. He is also the Chairman of the Executive Committee.



Osman Akyüz
Vice Chairman

He was born in 1954 in Trabzon. He has obtained his degree from the Faculty of Political Sciences, Ankara University. He has commenced his professional career in 1978 as a tax inspector at the Ministry of Finance. He was then transferred to Sezai Türkeş- Fevzi Akkaya Group (STFA) as an Auditor and Financial Consultant in 1983. In 1985, he started working as the Manager of Financial and Administrative Affairs in Albaraka Türk. Thereafter he worked as the Manager of Fund Allocations (January 1992-January 1994), Assistant General Manager (January 1994-December 1995) and

General Manager of the Bank (January 1996-March 2002). Osman Akyüz was an Executive Board Member in our bank from 2001 to 2017 and he has been Board Member since April 2000. He holds the membership of the Credit Committee and Executive Committee. Mr. Akyüz also holds a position in the Union of Turkish Participation Banks as secretary general since July 2002, board membership in the Istanbul Chamber of Commerce since April 2005 and Board Member in the Borsa Istanbul between 2012-16. He is also the Board Member of EYG Real Estate Portfolio Management Inc. As of 01 July 2018, he was appointed as the Vice Chairman of the Board of Albaraka Türk.



Ibrahim Fayeز Humaid Alshamsi
Board Member

He was born in 1949 in the Ajman city of the United Arab Emirates (UAE). Mr. Ibrahim Fayeز had his degree in Economics from the Arab University of Beirut in Lebanon in 1972. He commenced his professional career in 1969-1971 at Bank of Oman as Current Accounts Chief. Later on, he became the manager of its Ajman branch (1971). In between 1972-76, he held the following positions: Manager of Financial Affairs at the Ministry of Housing & Town Planning of UAE. He worked as Assistant General Manager at Abu Dhabi Fund for Arab Economic Development between 1976-89; Board Member for European Arab Bank Holding in Luxembourg (1978), Board member for Industrial Bank of UAE

(1983-1999), Board member for Austrian Conference Centre Co in Vienna (1984) and Board member for Dubai Islamic Bank (1998-2001). He also worked as chairman of UAE Bangladesh Investment Co in Bangladesh (1988-1989), and Board of the Arab Fund for Economic & Social Development in Kuwait (1983-2010). He has been the Chairman and CEO of the Emirates Islamic Bank in Dubai between 2004 and 2011. Later on, his own company AlRabiah Trading Co. (Dubai). He is the Chairman of Albaraka Bank Egypt, the board member at the Albaraka Banking Group (Bahrain) and Albaraka Bank Syria. He has been a board member of Albaraka Türk since April 2005. He is also a member of the Corporate Governance and Sustainability and Social Responsibility Committee.



Hamad Abdulla Ali Aloqab
Board Member

He was born in 1970 in the city of Manama, the capital of Bahrain. Mr. Aloqab received his degree in accounting from the University of Bahrain in 1993. His professional career started by working as a banks' inspector for Bahrain Monetary Agency in the same year. In 1996, Mr. Aloqab moved to the Bahrain office of Arthur Andersen Auditing&Consultancy firm as an insurance auditor. He worked at Shamil Bank of Bahrain BSC as an internal auditing manager responsible for numerous auditing and consultancy projects between the years 2002 and 2004. He joined the Ithmaar Bank in the same city as a senior manager overseeing internal audit operations between the years 2004 and 2005. Between February 2005- 2015, he has worked at ABG in Bahrain, as

senior vice-president responsible for financial control. Since 2015, he has been serving as Assistant General Manager responsible for Finance at ABG. Currently, he is the Chairman of the Accounting Standard Board of AAOIFI and Albaraka Bank Lebanon, Vice Chairman of the Jordan Islamic Bank, a board member at the Banque Albaraka D'Algeria and Albaraka Bank Egypt and CEO of the Albaraka Islamic Bank. He has been holding a CPA (Certified Public Accountant) certificate and CGMA (Chartered Global Management Accountant). He began the position of a member of the Board of Directors and the Chairman of Audit Committee in April 2008. He held the position of the Chairman of Audit Committee from April 2011 to April 2017 and he has been a member of the Executive Committee since April 2017. As of December 2018, he was appointed as the Chairman of the IT Governance Committee.

BOARD OF DIRECTORS



Fahad Abdullah A. Alrajhi **Board Member**

He was born in Riyadh, the capital of Saudi Arabia in 1961. Mr. Al-Rajhi was graduated from the Industrial Management Department in King Fahad Petroleum & Minerals University in 1984. He commenced his professional career in 1987 at Al-Rajhi Banking and Investment Corporation as vice manager of the central branch. He was then promoted as manager of the central branch and later on as assistant manager of the collaterals department. In the same bank, he was responsible for liaison with government offices

and investments. He worked as a board member for the Saudi Public Transportation company between 1995 and 2001. He worked as the general manager of the treasury and finance department in Al-Rajhi Banking & Investment Corporation until May 2008. Currently, he is the chairman of the board of directors of Fahad Abdullah Rajhi Venture Company, Raysut Cement at Oman and Najran Cement. Mr. Fahad who has been a Board Member since March 2008, was a member of the Corporate Governance Committee from March 2008 to March 2017.



Prof. Dr. Kemal Varol **Board Member**

Kemal Varol who was born in 1943 in Iğdır, had his master's degree in 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, Mr. Varol has been working as a senior manager in numerous companies including the Sümerbank where he worked as General Manager and Chairman of the Board. He is currently

working as a Professor at Istanbul Commerce University. Kemal Varol has served as an Independent Board Member to the Board of Albaraka Türk between 2013 and 2019. He was also the chairman of the Corporate Governance Committee from July 2014 to March 2017. Currently, he is a member of the Credit Committee.



Muhammad Zarrug M. Rajab **Board Member**

He was born in Tripoli, Libya in 1937. He graduated from the Department of Accounting at the University of Libya, and he worked at the same university between 1967-1969. He received the Chartered Accountant Certificate (FCA) in the UK in 1967. He worked as a general inspector at the Libyan Court of Accounts between 1969- 1972 and 1992-1994. He served as Secretary of Treasury in Libya between the years 1972-1980. He took senior positions in the Libyan Foreign Investment Institution between 1985-1987 and 2004-2006. He served as Governor of The Libyan Central Bank in 1987 and 1990. Later, he worked for the Libyan Development Bank between

1994- 2004. He assumed board memberships at Banca UBAE between 1996-2004, Islamic Development Bank (Jeddah) between 1994-2008, ITFC (International Trade Finance Cooperation-a subsidiary Islamic Development Bank) and Bahrain Islamic Bank between 2006-2011. Then he retired from Libyan Government duties in 2011. Rajab, who served as a Board Member in Al-Mizan Bank (Karachi) between 2006 and 2018 was also appointed Board Member of Bahrain Islamic Bank since 2016. He has been serving in Albaraka Türk since October 2015 as a board member and he is the Chairman of the Corporate Governance Committee and a substitute member of the Credit Committee.



Dr. Khalid Abdulla Mohamed Ateeq Board Member

Dr. Khalid A. Ateeq was born in 1955 in Bahrain. He earned his Bachelor's Degree in Accounting and Finance from the University of Kuwait and his MBA from Armstrong University in the United States. He then completed his Ph.D. in Accounting in 1992 at the University of Hull in the U.K. Dr. Ateeq began his career in 1978 as a Financial Accountant at the Bahrain Ministry of Foreign Affairs. Between 1979 and 1981, he worked as a Financial Analyst at Bahrain Islamic Bank, and later as Senior Accountant at Gulf Petrochemical Industries Company from 1981 to

1982. He was a lecturer in Banking, Accounting and Finance at the University of Bahrain between 1984 and 1988, and Associate Professor in Accounting and Audit at the same university from 1992 to 1993. Dr. Ateeq served as Executive Director of Banking Supervision at the Central Bank of Bahrain (1993-2005), and Deputy General Manager at Venture Capital Bank (2005-2012). Since 2013, he has been working as General Manager and Board Member at Family Bank. Dr. Ateeq who is currently is a board member of the Albaraka Banking Group was appointed as Board Member at Albaraka Türk in April 2017.



Mustafa Büyükbacı Board Member

Mr. Büyükbacı graduated from Boğaziçi University, Department of Industrial Engineering and earned his master's degree in the same field in 1984. He then worked as a research associate in the same department. From 1989 onwards, he assumed various management roles at capital markets and investment firms, mainly focusing on Asset/Portfolio Management and Investment. In 1993, he joined Yıldız Holding as the Founding Director and Board Member of Taç Investment Trust. Besides, he served as Capital Markets and Financial Advisor at Yıldız Holding concerning capital, commodity and money markets; and as Board Member at Family Finans and other group companies. He founded Bizim Securities, where he worked as Founding Director and Board Member. Mr. Büyükbacı founded the real

estate division of Yıldız Holding, turning real estate operations into a major line of business. He worked as Founding President of the Real Estate Group. He left Yıldız Holding at the end of 2010. Later, he founded his own investment company, where he continues to engage in investments in agriculture, livestock, real estate and capital markets. Between 2013 and 2016, Mr. Büyükbacı served as Board Member at Borsa İstanbul and between 2012 and 2018 he served as Independent Board Member at BİM Birleşik Mağazalar A.Ş. He serves as Independent Board Member Albaraka Portföy Yönetimi A.Ş. Mr. Büyükbacı has been serving as Board Member, Chairman of the Audit Committee and Member of the Corporate Responsibility Committee at Albaraka Türk Participation Bank since April 2017. He is also the Vice Chairman of the Board of Trustees at İstanbul Sabahattin Zaim University.



Süleyman Kalkan Board Member

Süleyman Kalkan was born in Kırşehir in 1956. He graduated from the Faculty of Political Sciences, Department of International Relations at Ankara University. Mr. Kalkan began his professional career as an assistant inspector at İşbank in 1983. He then served as Retail Loans Assistant Manager in 1993, Commercial and Corporate Loans Regional Manager in 1995 and Non-performing Loans Manager from 1997 until the end of 2003 and sat on the Disciplinary Committee for six years at the same bank. Mr. Kalkan served as a Branch Manager during 2003-2010. He also served as Board Member of İşbank affiliates, including TSKB (Industrial Development Bank of Turkey), Anadolu Hayat Emeklilik (life insurance) and İş Factoring. Mr. Kalkan was appointed as the

Executive Member of the Board and the General Manager of Vakıfbank in March 2013 and served as the Chairman of the Vakıfbank affiliates Güneş Sigorta (insurance) and Vakıf International AG (Vienna). He has served as Deputy Chairman of Halkbank between April 2013 - April 2016. He also chaired the Audit Committee as an Independent Board Member. Mr. Kalkan was a member of the Supervisory Board of Demir-Halk Bank (Nederland) N.V., one of Halkbank affiliates between April 2013 - October 2016 and served as the member of RCC (Remuneration & Compensation Committee), NC (Nomination Committee) and SBCC (Credit Committee). Mr. Kalkan was appointed as the Board Member of Albaraka Türk as of 31 May 2018. He is a member of the Audit Committee.

BOARD OF DIRECTORS



Prof. Dr. Mehmet Asutay **Board Member**

Mehmet was born in 1966 in Kiğı, Bingöl. He has a BA in Public Finance from the Faculty of Economics of the University of Istanbul; continued for MSc in Public Finance at the University of Istanbul; has Postgraduate Diploma in Economic and Social Policy Analysis, University of York (UK); MA in Economics of Public Policy, Department of Economics of the University of Leicester (UK); Ph.D. in Political Economics, University of Leicester. Mehmet joined Durham University in 2005 and is currently a Professor of Middle Eastern and Islamic Political Economy & Finance at Durham University Business School; is the Director of the Durham Centre in Islamic Economics and Finance, the Director for MSc in Islamic Finance & MSc in Islamic Finance and Management programs and is also the Director of the Durham Islamic Finance Summer School. Mehmet's teaching, research, publication, and supervision of research is all in the Islamic moral economy, Islamic finance and banking, Islamic political economy, Islamic governance and management, and the Middle

Eastern political economies. Mehmet's articles on his research interest have been published in various international academic journals as well as professional magazines. He has published and edited books on aspects of Islamic moral economy and Islamic finance. He is also the editor, managing editor or member of the editorial board of several academic journals as well as members of learned societies in the field (honorary treasurer of IAIE-International Association for Islamic Economics and BRISMES -British Society for Middle East Studies). Mehmet has delivered lectures in numerous conferences, universities and professional organizations on the topics related to his research interests; and still contributes to teaching in Islamic finance programs in various universities in the world. Mr. Asutay was elected as a Board Member of Albaraka Turk as of 01 July 2018. He is also a member of the Audit Committee, Corporate Governance Committee, the Vice Chairmen of the IT Governance Committee and the Chairman of the Sustainability and Social Responsibility Committee.



Melikşah Utku **Board Member and CEO**

Mr. Utku was born in Ankara in 1968. He graduated from the Mechanical Engineering Department of Boğaziçi University (Istanbul, 1990). He completed his graduate studies at the London School of Economics (1990-1992) and a Master's Degree in economic development at Marmara University (Istanbul, 1998). In 2004, he served as a consultant to General Manager of Albaraka Turk. In 2006- 2007, he was the head economist in Albaraka Turk. Besides, he was an economics columnist for Yeni Şafak newspaper for over 10 years (1995-2009). He later worked as Investor Relations Manager between 2007 and 2009. He continued as CIO-Assistant General

Manager in December 2009 and was appointed as CFO-primarily responsible for Financial Affairs, Budget and Financial Reporting and Corporate Communication Departments. He was a board member of Borsa Istanbul from 2013 to 2016. As the General Manager of Albaraka Turk as of October 2016 Utku continued his duty, as well as Chairman of the Board of directors of Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Katılım Emeklilik ve Hayat A.Ş. and Albaraka Kültür Sanat ve Yayıncılık A.Ş. He is a member of the Executive Committee, Credit Committee, Remuneration Committee and IT Governance Committee. In 2018, he has been appointed as a board member of the Marmara University Technopark.

SENIOR MANAGEMENT



Melikşah Utku
Board Member and General Manager

Please see the Board of Directors page for the CVs.



Turgut Simitcioğlu
Deputy General Manager (CMO)

Turgut Simitcioğlu was born in Erzurum in 1961. After graduating from King Saud University, Faculty of Education in Saudi Arabia in 1989, he received his Master's degree in Business Administration from Fatih University, Institute of Social Sciences. Mr. Simitcioğlu joined Albaraka Türk in 1990 and worked in the Fund Allocation Department from 1990 to 1995, and at the Central Branch from 1995 until 2001. He was Director of the Central Branch between 2001 and 2003, and later Director of the Corporate

Banking Department. Serving as Central Branch Manager from 2003 to 2009, he was appointed Assistant General Manager in December 2009, thereafter serving as Assistant General Manager in charge of Credit Operations, Foreign Transactions Operations, Payment Systems Operations, Banking Services Operations and Risk Monitoring. Still serving as Deputy General Manager and Senior Assistant General Manager, Simitcioğlu has been serving as the Assistant General Manager in Charge of Legal Follow-up Department, Collection Department and Credit Risk Monitoring Department.



Hasan Altundağ
Assistant General Manager

He was born in Konya on April 10, 1996. He graduated from Ankara University, Faculty of Political Sciences, Department of Economics. In 1986, Mr. Altundağ started work at Yapı Kredi Bank as Inspector on the Inspection Board. He served as Auditor, Operations Director and Field Director, respectively, at Yapı Kredi Bank until 1999. Mr. Altundağ was a branch manager at a participation bank between 1999 and 2004. In March 2004, he joined the Albaraka Türk Participation Bank. At Albaraka Türk, Mr. Altundağ

was Sultanhamam Branch Manager from 2004 to 2005. Subsequently, he served as Regional Manager of Marketing between 2005 and 2011, Director of the Transformation Administration Office from 2011 until 2013, and Manager of Strategy and Corporate Performance from 2013 to 2016. As of January 2017, Mr. Altundağ was appointed Assistant General Manager – Marketing. He is responsible for the Product Management Department, Alternative Distribution Channels Department, Marketing Department and Corporate Communication Department. He also serves as Board Member at Albaraka Kültür Sanat ve Yayıncılık A.Ş.

SENIOR MANAGEMENT



Mustafa Çetin **Assistant General Manager**

Mustafa Çetin was born in Afyonkarahisar in 1971. In 1991, he ranked 20th in the national university exam. He went on to graduate from Boğaziçi University, Department of Management in 1996. In the same year, Mr. Çetin started his professional career at Finansbank in the Corporate Banking Management Trainee Program. Between 1999 and 2004, he served as Manager in the areas of Corporate and Commercial Banking at the Turkish Foreign Trade Bank. In 2004, Mr. Çetin joined Albaraka Türk as a Branch Manager, holding this position until 2008. He went on to serve as Marketing Manager from 2008 to 2011; Foreign Transactions Operations Manager between

2011 and 2012; Financial Institutions and Investor Relations Department Manager and Corporate Governance Committee Member from 2012 until 2017; and Foreign Trade Operations Manager from 2017 to 2018. In April 2018, Mr. Çetin was appointed Assistant General Manager – Finance and Strategy. He is responsible for the Business Excellence and Innovation Department, Financial Reporting Department, Financial Affairs Department, Strategic Planning Department, Data Management Service, and the European Digital Banking Service. Fluent in English and German, Mustafa Çetin holds the Capital Market Activities Advanced License and Corporate Governance Rating Specialist License.



Malek Khodr Temsah **Assistant General Manager**

He was born in Beirut, Lebanon in 1981. He received his Bachelor of Business Administration from The George Washington University (Washington D.C., 2003) and completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management (Arizona, 2006). In 2003, Mr. Temsah began his career with Bank of America Business Banking in Washington DC. He continued his career at the London-based European

Islamic Investment Bank between 2007 and 2009. In 2010 he joined leading global Islamic bank Albaraka Banking Group, Bahrain as Vice President of Treasury where he established & oversaw the global sukuk desk until 2014. Since 2014, Mr. Temsah has been working with Albaraka Türk Katılım Bankası and is currently overseeing the Treasury, Financial Institutions and Investment Banking work family. He is also a member of the Board of Directors for one of Morocco's first Islamic banks, BTI Bank, where he serves on the audit and board affairs committees.



Volkan Evcil **Assistant General Manager**

Volkan Evcil was born in 1966 in Eskişehir. In 1987, he graduated from Anadolu University, Faculty of Economics and Administrative Sciences, Department of Economics. In 1990, he began his career as Assistant Inspector at Tütünbank's Internal Audit Department after winning the exam for this position. In 1992, he joined the Albaraka Türk family as Assistant Inspector, before serving as Inspector, Chief Inspector, Vice Chairman of the Internal Audit Department, and President of Risk Management. He

was named President of Risk Management in 2006. Since February 2017, he has been serving as Internal Systems Senior Manager in charge of the Internal Audit Department, Internal Control Department, Risk Management Department, and Legislation and Compliance Department. As of August 2019, he was appointed as the Assistant General Manager in charge of Central Operations. Central Operations is comprised of Credits Operations Department, Foreign Trade Operations Department, Banking Services Operations Department, Payment Systems Operations Department and Collateral Management Department.



Fatih Boz
Assistant General Manager

He was born in Edirne in 1973. In 1995, he graduated from the Faculty of Political Sciences, Ankara University. He has a master's degree in political science from the same school. From 1995 to 1998, he worked as a director for various companies. In 1998, Mr. Boz joined Albaraka Türk as Assistant Inspector on the Inspection Board. He went on to serve as Deputy Director of the Operations Department in 2003,

Branch Manager between 2006 and 2009, Manager in the Project Management Department from 2010 until April 2011 and later as Credits Operations Manager. In January 2017, Mr. Boz was appointed Assistant General Manager responsible for central operations. As of August 2019, Fatih Boz serves as the Assistant General Manager responsible for Corporate Loans Allocation Department, Commercial and SME Loans Allocation Department and Retail and Micro Loans Allocation Department.

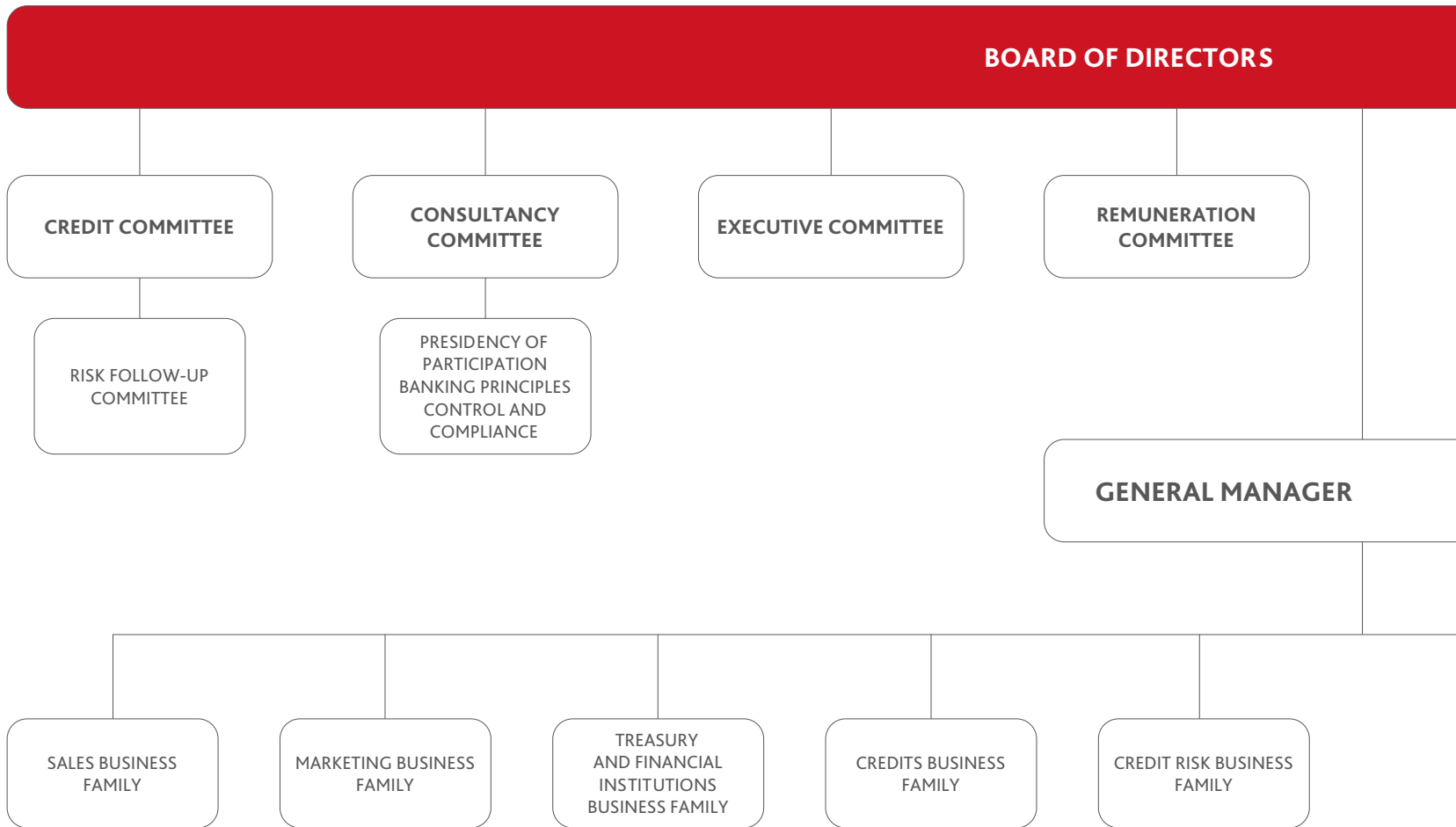


Süleyman Çelik
Assistant General Manager

He was born in Samsun in 1963. He graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Public Administration. Mr. Çelik started his professional career in 1988 at Albaraka Türk. He worked in the Foreign Transactions Department from 1988 to 1996, at the Fatih Branch between 1996 and 1997, and at the Ümraniye Branch from 1997 until 2000. Between 2000 and 2011, Mr. Çelik worked at Türkiye Finans

as Ümraniye and Sultanhamam Branch Manager, Credit Operations Manager, and Human Resources Manager. In 2011, he was appointed Üsküdar Branch Manager at Albaraka Türk, before assuming the role of Human Values Manager between 2012 and 2017. Mr. Çelik was appointed Assistant General Manager in January 2017 and is in charge of Human Values, Administrative Affairs, Directorate of Construction & Real Estate, Department of Training and Career Management.

ORGANIZATIONAL CHART



Changes to the Organizational Structure

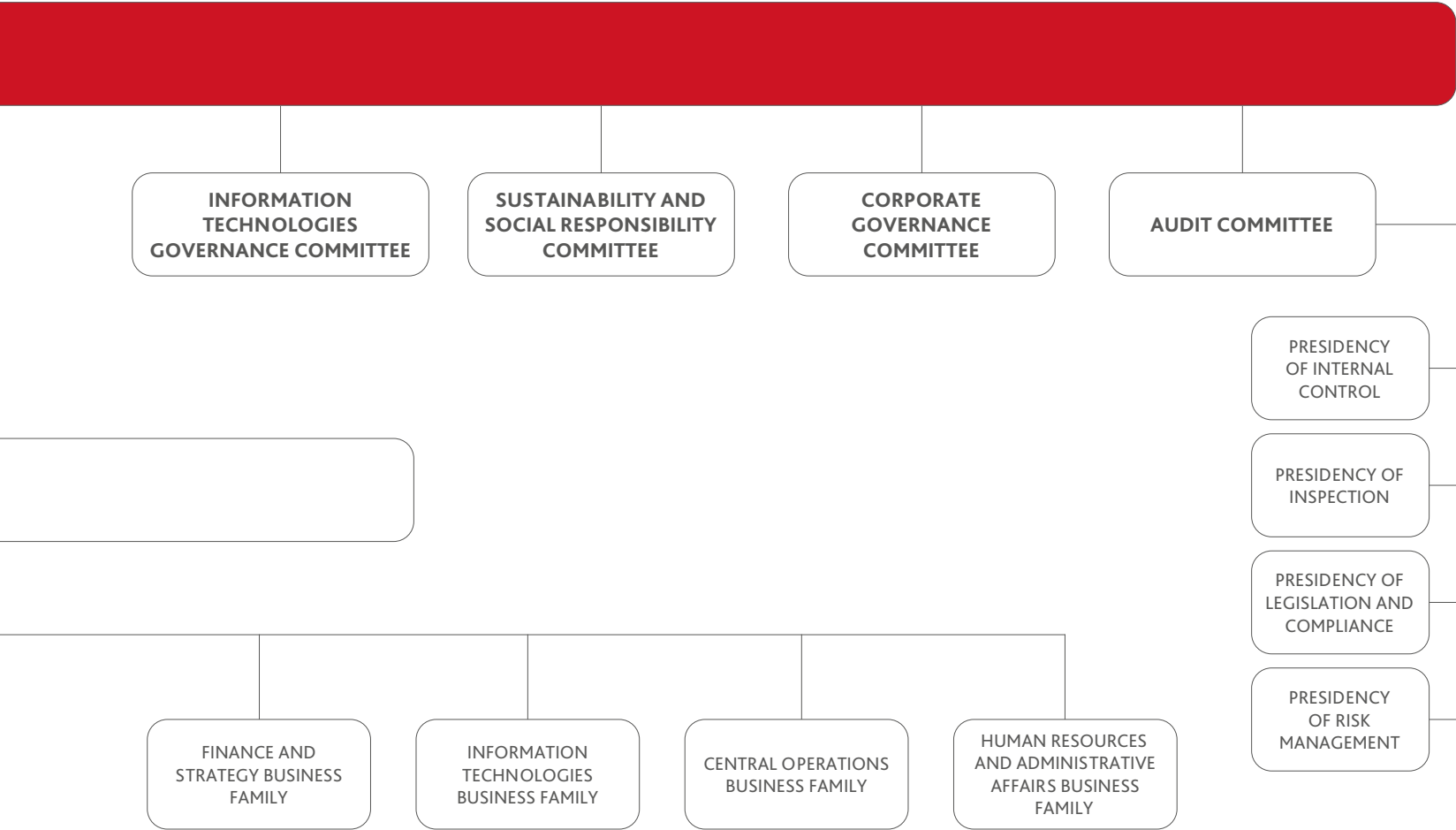
On 03.26.2019, it was decided that Wasim Ahmed Abdul Wahab is elected as a temporary member of the Board of Directors. At the Board of Directors of our bank on 27.02.2019, it has been decided that Prof. Dr. Kemal VAROL will continue his duty as a member of the board of directors of our Bank under the status of "non-independent board member" as of 29.03.2019.

Our Bank's Assistant General Manager, Mr. Cenk Demiröz resigned as of 22.03.2019. According to the decision of the board of directors dated 07.05.2019, it was decided that the Investor Relations Department, which operates under the Assistant General Manager responsible for Treasury and Financial Institutions, reports to the Assistant General Manager responsible for Finance and Strategy. Our Assistant General Manager responsible for the Legal Consultancy and Legal Follow-up Department of our Bank, Mr. Nihat Boz departed from his duty on 01.07.2019 due to his retirement. Our Bank's Assistant General Manager, Mr. Nevzat Bayraktar resigned from his duties as of 14.02.2020.

At the meeting of the Board of Directors of our bank on 09.08.2019;

- » Assistant General Manager responsible for Central Operations Mr. Fatih Boz was appointed as Assistant General Manager responsible for Loans,
- » Internal Systems Senior Manager Mr. Volkan EVCİL was appointed as Assistant General Manager responsible for Central Operations,
- » Internal Systems Senior Management position was eliminated; Presidency of Inspection, Internal Control, Risk Management and Legislation and Compliance as well as Validation Service, Internal Systems Inspection Service and other services which report directly to Internal Systems Senior Manager were to report directly to the Audit Committee.

Mr. Wasim Ahmet Abdul Wahab who joined the Bank's Board of Directors in 2019 left his post as a member of the Board of Directors in 2020. According to the Board of Director's decision dated 26.12.2019, based on the second paragraph of Article 11 of the Corporate Governance Communiqué Serial No. II-17.1, which came into force after being published in the Official Gazette of the Capital Markets Board dated January 3, 2014, Mr. Mansur Çelepkolu, who holds a "Capital Market Activities Advanced Level License" and "Corporate Governance Rating Specialist License" has been Appointed to the Investor Relations Department and the Corporate Governance Committee as a Member.



**INFORMATION ON
THE BANK'S BOARD
OF DIRECTORS
AND SENIOR
MANAGEMENT**

Full Name	Position	Educational Status	Starting Date of Employment	Banking Experience
Board of Directors				
Adnan Ahmed Yusuf ABDULMALEK	Chairman	Master's Degree	2005	46
Osman AKYÜZ	Vice Chairman	Bachelor's Degree	2000	33
İbrahim Fayez Humaid ALSHAMSI	Board Member	Bachelor's Degree	2005	49
Prof. Dr. Mehmet Asutay	Board Member	Ph.D.	2018	3
Hamad Abdulla A. ALOQAB	Board Member	Bachelor's Degree	2008	26
Fahad Abdullah A. ALRAJHI	Board Member	Bachelor's Degree	2008	32
Süleyman KALKAN	Board Member	Bachelor's Degree	2018	36
Prof. Dr. Kemal VAROL	Board Member	Ph.D.	2013	11
Muhammad Zarrug M. RAJAB	Independent Board Member	Bachelor's Degree	2015	34
Dr. Khaled Abdulla Mohamed ATEEQ	Board Member	Ph.D.	2017	22
Mustafa BÜYÜKABACI	Board Member	Master's Degree	2017	4
Melikşah UTKU	Board Member and General Manager	Master's Degree	2016	16
Senior Management				
Melikşah UTKU	Board Member and General Manager	Master's Degree	2016	16
Turgut SİMİTCİOĞLU	Deputy General Manager (CMO)	Master's Degree	2017	30
Süleyman ÇELİK	Assistant General Manager	Bachelor's Degree	2017	31
Fatih BOZ	Assistant General Manager	Master's Degree	2017	22
Hasan ALTUNDAĞ	Assistant General Manager	Bachelor's Degree	2017	33
Malek Khodr TEMSAH	Assistant General Manager	Master's Degree	2017	17
Mustafa ÇETİN	Assistant General Manager	Bachelor's Degree	2018	23
Volkan EVCİL	Internal Systems Senior Manager	Bachelor's Degree	1990	29

*Mr. Wasim Ahmet Abdul Wahab, who joined the Board of Directors of our Bank in 2019, has resigned from his post as a board member.

COMMITTEES AND COMMITTEE MEETINGS ATTENDANCE

The Board of Directors of Albaraka Türk held five meetings in the 2019 operating period.

1. Audit Committee

a. Purpose

The Audit Committee consists of the Board members for assisting the audit and supervision activities of the Board of Directors. The basis of the relevant committee is structured per the provisions of Article 24/6 of the Law no. 5411 on Banking.

b. Organization of the Committee

The Audit Committee consists of at least two non-executive Board members. The Committee members have to have the qualities determined by the Banking Regulation and Supervision Agency.

Members of the Audit Committee:

President: Mustafa Büyükbacı, Board Member
Member: Süleyman Kalkan, Executive Board Member
Member: Prof. Dr. Mehmet Asutay, Executive 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 concerning 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 its 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 5 times in 2019).

2. Credit Committee

a. Purpose

Within the authorities vested by the Board of Directors, the Credit Committee resolves about demands for credit line allocations amounting up to 10% of the Bank's equity including their renewals, amendments and/or collateral changes on condition that the tasks, powers and responsibilities should remain within the restrictions defined in the Banking Law.

b. Organization of the Committee

It 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 duties assigned regarding credits. Two reserve members from among the board members that have the specifications required for the General Manager are elected (except for the term) to serve as a substitute for the Credit Committee member who cannot participate in any meeting.

Members of the Credit Committee:

President: Adnan Ahmed Yusuf Abdulmalek, Chairman
Member: Osman Akyüz, Vice Chairman
Member: Prof. Dr. Kemal Varol, Board Member
Member: Melikşah Utku, Executive Board Member And General Manager

c. Functions of the Committee

- Based on the powers delegated by the Board of Directors, the Credit Committee is authorized to allocate credit lines in the framework of 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 utilized conditions,
 - » Evaluate and decide on the branches' demand in terms of limit allocation and raises,
 - » Resolves on credit lines that are to be decreased or canceled,
 - » Monitors the general credit policies of the Bank,
 - » Determines the terms and conditions of credit allocations,
 - » 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 done 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.

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 87 times in 2019 with the full attendance of all members.

COMMITTEES AND COMMITTEE MEETINGS ATTENDANCE

3. Corporate Governance Committee

a. Purpose

The Committee has been formed to follow-up, evaluate and improve our Bank's compliance with the principles of Corporate Governance and submit proposals to the Board of Directors in this respect. These have been developed under CMB's Corporate Governance Principles.

b. Organization of the Committee

The majority of committee members are non-executive directors. In case of necessity, people who are not members of the board and are experts on their subjects can also be employed with the Committee.

Members of the Corporate Governance Committee:

President: Muhammad Zarrug M. Rajab, Executive Board Member
Member: Ibrahim Fayez Humaid Alshamsi, Board Member
Member: Prof. Dr. Mehmet Asutay, Executive Board Member
Member: Mansur Çelepkolu, Investor Relations Manager (as of 12.26.2019)*

c. Functions of the Committee

- » Ensuring that the Bank applies corporate governance principles. In case they are not applied, determining the justification and the conflicts of interest arising due to the inadequate compliance with those principles and offering remedial suggestions to the Board of Directors,
- » Overseeing the activities and operations of the Financial Institutions and Investor Relations Department,
- » Establishing a transparent system including policies and strategies for determining, evaluating and training suitable candidates for the Board of Directors and administrative management positions,

- » Evaluating the structure and effectiveness of the Board of Directors regularly, and offering recommendations about necessary changes to the Board of Directors,
- » Determining and supervising the approaches, principles and practices in performance evaluation, career planning and rewarding of the members of the Board of Directors and the executives.

d. Working Principles of the Committee

The committee convenes at least four times a year with one more than half the number of its members and adopts it by the majority. The works and proposals of the Committee are discussed at the Board as an agenda item. The Committee keeps written records of its works. It also submits the information regarding the works and the reports including the results of the meetings to the board of directors.

Corporate Governance Committee convened six times in 2019.

4. Remuneration Committee

a. Purpose

It ensures the establishment of a balanced distribution between the benefits and rights of the Board of Directors, senior management, bank employees and partners and develops proposals and strategies regarding the remuneration of the Board of Directors, senior management and bank employees to the extent of their participation to the Bank's process of providing value.

b. Organization of the Committee

The committee consists of at least two members. Committee members are determined by the Board of Directors.

Members of the Remuneration Committee:

President: Adnan Ahmed Yusuf Abdulmalek, Chairman
Member: Osman Akyüz, Vice Chairman
Member: Melikşah Utku, Executive Board Member And General Manager

c. Functions of the Committee

- » To create a remuneration policy that is compatible with the scope and structure of the Bank's activities, strategies, long-term goals and risk management structures, that prevent excessive risk-taking and contributes to effective risk management,
- » To review the remuneration policy at least once a year to ensure the effectiveness of the remuneration policy of the bank,

- » To evaluate the remuneration policy and practices within the framework of risk management and submit a report with related suggestions to the Board of Directors every year,
- » To determine 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,
- » To establish a balanced distribution between the interests and rights of senior management, bank employees and partners,
- » To ensure 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.

d. Working Principles of the Committee

The Committee meets at least once a year. The decisions are taken by the majority of votes at the committee meetings. In the case of a tie, the party involving the president is deemed to have constituted the majority. Decisions are made in writing and signed by the participating members.

Remuneration Committee convened five times in 2019, and all Committee members attended all the meetings.

5. Sustainability and Social Responsibility Committee

a. Purpose

The goal is to establish Policies that represent the Bank's Core Values and Ethical Principles by taking into account the best practices in the field of Sustainability and Social Responsibility worldwide.

b. Organization of the Committee

The committee consists of the President Dr. Mehmet Asutay, İbrahim Fayez Humaid Alshamsi and Mustafa Büyükbacı, all of whom are Members of Board of Directors. The one who is appointed by the Committee carries out the reporter and secretariat duty of the Sustainability and Social Responsibility Committee. This person is responsible for composing and publishing meeting minutes and reports, and coordination in committee operations under the guidance of Sustainability and Social Responsibility Committee. The secretary and reporter members do not have voting right.

* Mustafa Karamehmetoğlu served as a member of the Corporate Governance Committee between May 7, 2019, and December 26, 2019, and Sadrettin Bağcı between July 24, 2018, and April 10, 2019.

Sustainability and Social Responsibility Committee Members

President: Prof. Dr. Mehmet Asutay, Executive Board Member

Member: Ibrahim Fayeز Humaid Alshamsi, Board Member

Member: Mustafa Büyükabacı, Executive Board Member

c. Functions of 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 to create long-term values. Makes environmental protection a priority for the entire organization, sets ethical rules as necessary, ensures effective management of risks associated with these factors. Makes recommendations to the Sustainability, Social Responsibility and Communications Executive Committee concerning Sustainability and Social Responsibility project 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.
- » 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. Assesses the effects of the Bank's activities on society. Supervises the impacts of the Bank's activities on the society and measures taken within this framework. Discusses the issues reported by the Sustainability, Social Responsibility and Communications 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.

d. Working Principles of the Committee

The Committee convenes at least two times a year. The decisions are taken by the majority of votes at the committee meetings. The decisions are taken by the majority of votes at the committee meetings. Decisions are made in writing and signed by the participating members. All topics on the Sustainability and Social Responsibility Committee's agenda must have been discussed beforehand by the Sustainability, Social Responsibility and Communications Executive Committee.

Social Responsibility Committee held three meetings in 2019 and all Committee members attended these meetings.

6. Executive Committee

a. Purpose

This committee aims to ensure that resolutions at the Board of Directors meetings are taken faster, effectively and in a sound manner and to fulfill the duties stated in the regulations of the Committee and the exercise of powers. These include minimizing the problems of having a low attendance at Board of Directors meetings where normally there are a high number of members and making sure that the issues to be decided urgently are discussed and settled.

b. Organization of the Committee

The committee consists of at least three members of the Board of Directors determined by the Board of Directors. The President and the Vice President of the Committee are determined by the Board of Directors. 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, where necessary, and costs are to be covered by the Bank. Secretarial works of the Committee are carried out by the Rapporteur Department of the Board of Directors.

Executive Committee Members:

President: Adnan Ahmed Yusuf Abdulmalek, Chairman

Vice President: Osman Akyüz, Vice Chairman
Member: Hamad Abdulla A. Aloqap, Executive Board Member

Member: Melikşah Utku, Executive Board Member And General Manager

c. Functions of the Committee

- » To make examinations and make proposals forming a basis for the decisions of the Board of Directors regarding general issues such as long-term strategic planning, policy and business plans, banking services,
- » To identify any changes or deviations in the bank's existing finance, investment, income and expense policies and procedures, annual budget,
- » To make observations about the bank's investment and finance level and possibilities and adequacies or inadequacies of the changes in finance and investment policies and make suggestions concerning the updating thereof,
- » To express an opinion and decide on new products and derivative, side and sub-products related to existing and approved products,
- » To offer suggestions on issues such as strategy, marketing, business plan and balance sheet for any venture, partnership, investment, and financial activity,

- » To offer suggestions on issues such as purchasing and selling important goods, services and rights and acquisition or the disposal thereof by other means, making commitments, acquiring participations, and engaging in joint ventures and making investments with other methods, making expenses, to decide upon purchasing of goods, services and rights, engaging in joint ventures, acquiring participations and making investments with other methods up to the amount between 2% and 5% of Bank's shareholders' equity, and making commitment up to the amount between 2% and 5% of Bank's shareholders' equity for assets included in the Bank's assets, To examine the business processes, procedures and activities related to the activities of the Bank and to make new proposals in these matters and approve the authority to be given by the Board of Directors, to support the Bank's units,
- » To review the effectiveness of the reports, information and business policies of the Bank and to make determinations and recommendations,
- » To make credit and other risk classifications of the Bank and present the determinations and recommendations in this respect,
- » To examine the speed, adequacy and integrity of the reports prepared for the Bank's activities, and to make observations and proposals relating to the existing reports and the financial requirements and internal risks of the Bank on a quarterly basis,
- » To make proposals for any amendment to the Articles of Association, in particular concerning the increase of the Bank's capital,
- » To provide suggestions about specific sectors, geographical regions and customers,
- » To review and propose the works that may affect the Bank's activities and other issues that may arise before the meetings of the Board of Directors,
- » To make proposals for restructuring related to the debts of the Bank's customers, partial or total liquidation of the debts and in other matters, to decide for the restructuring of the loans and receivables up to the amount between 2% and 5% of the Bank's shareholders' equity, To decide on the liquidation or abolition of the Bank's loans, receivables and assets up to the amount between 2% and 5% of the annual Bank's funds, To decide acceptance and other transactions of the Bank's receivables or payables up to the amount between 2% and 5% of the Bank's annual shareholders' equity, To provide proposals for dividends to be distributed to shareholders, premiums to be paid to the employees and other payments,

COMMITTEES AND COMMITTEE MEETINGS ATTENDANCE

- » To make proposals for resolving legal disputes within Bank customers, staff or third parties with peace, misappropriation, acceptance, waiver and other methods in these matters, To make decisions on matters up to the amount between 2% and 5% of annual Bank's shareholders' equity,
- » To decide on the appointment, relocation and promotion of the employees with first degree signing authority, to present these transactions to the approval of the Board of Directors,
- » To fulfill the duties assigned by the Board of Directors,
- » To solve any problems that are not within the jurisdiction of any other board, committee, organ, unit and person, to support the relevant units within their duties and authority,

d. Working Principles of the Committee

Members of the Committee shall be convened immediately upon invitation of the General Manager or the Chairman of the Committee, in particular, if any critical problems arise. The meeting agenda shall be sent by the General Manager or the Chairman of the Committee together with the meeting invitation. In addition to the agenda sent, the points of interest can also be discussed and resolved at the meeting. As a rule, the Committee convenes before Board meetings. However, it may also convene when there is no meeting of the Board of Directors when necessary. The meeting is held with the participation of at least three members. The Chairman directs the Committee meetings and the Vice Chairman in the absence of the Chairman. Decisions are taken by the majority of those present at the meeting. Meeting minutes and resolutions are recorded. Minutes are regularly signed by Committee members and presented to the Board of Directors.

The executive committee held three meetings in 2019.

7. 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 best international practices, too;

- » Ensure the harmony between the Bank's business strategies and Information Technology (IT) strategies,
- » Strengthen the communication and collaboration between the committees operating in the fields of IT governance and risk management at the Bank's Headquarters level and the Board of Directors of the Bank,
- » Make sure that information technologies enable the Bank to evaluate opportunities and maximize profitability,
- » Establish an IT infrastructure with organizational structure, resources, policies and procedures, control systems,
- » Ensure that bank management creates the necessary systems and processes that will best manage and reduce all risks related to information technologies, including cyber-attacks.

b. Organization of the Committee

The members of the Committee are elected by the Board of Directors. At least three members are selected from among the members of 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. The president and the vice president of the committee are determined by the Board of Directors. He committee may temporarily or permanently assign people who have sufficient knowledge and experience in the field of information technologies with titles "observer," "advisor" etc. The committee secretary, who will carry out the secretarial works of the Committee, may also be determined by the Committee.

Members of the Information Technologies Governance Committee

President: Hamad Abdulla Ali Aloqab, Executive Board Member

Vice President: Prof. Dr. Mehmet Asutay, Executive Board Member

Member: Melikşah Utku, Executive Board Member And General Manager

Technical Member: Hood Hashem Ahmed Hashem

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,
- » To evaluate, monitor and review the systems related to the management, regulation and control of IT resources and projects within the framework of the 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 that these targets are achieved,
- » 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 decision of the Board of Directors per article 375 of the Turkish Commercial Code and the Bank's internal legislation to the approval of the Board of Directors.
- » The Committee may request all kinds of information and documents from the Bank's Top Management, provided that the matters fall within the duties and responsibilities of the committee.

d. Working Principles of the Committee

Information Technologies Governance Committee held three meetings in 2019.

8. 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 and develop Albaraka Türk Participation Bank A.Ş.'s banking activities in compliance with interest-free banking principles.

b. Organization 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 president, one reporter and two observers.

Advisory Committee Members

President: Prof. Dr. Abdulsattar Abdulkarim Mohommed Abughuddah

Member: Prof. Dr. Ahmed Mohieldin Ahmed Hassan

Member: Prof. Dr. Hamdi Döndüren

c. Functions of the Committee

- » Answering questions submitted to the Committee and offering alternative solutions on interest-free banking principles,
- » Following up with the developments in the world in interest-free banking,
- » Monitoring and analyzing the activities of the bank and its subsidiaries systematically in terms of interest-free banking principles,
- » Coordinating with the audit unit to audit the compliance of the Bank and its subsidiaries' activities 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 transferring interest-free banking perspectives on issues discussed in such events to bank managers,
- » Preparing a summary report on the activities of the Committee, the questions posed to the Committee 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 supervision handbook and ensuring that it is approved by the Board of Directors,

- » Discussing the issues which the President has decided should be examined in the Committee among those issues in the report submitted by the controller to the President and informing the Headquarters regarding these issues,
- » Approving the articles of association, regulations, forms and policies used by the Bank, in terms of compliance with interest-free banking principles and besides 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 which are subject to consolidation and expressing an opinion on the documentation (contract, form, procedure, committee, operation, method etc.) to be prepared in this regard,
- » Informing the Headquarters of its opinion on the applications made to the Committee,
- » Following up with the bank 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 in partnership 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 interest earnings that cannot be avoided for charity purposes,
- » Publishing periodic practical information on interest-free banking principles for employees and participation account holders,
- » Submitting periodic reports regarding the decisions taken to the Advisory Board of TKBB.

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.

Advisory Committee held four meetings in 2019.

**SUMMARY OF
THE BOARD OF
DIRECTORS'
ANNUAL REPORT**

Esteemed Shareholders,

Welcome to the 35th Ordinary General Assembly meeting of our Bank.

Before presenting the Board of Directors' and the Statutory Auditors' reports concerning the results of activities in the 2019 financial year and profit and loss account for your consideration and approval, we respectfully greet our shareholders, their representatives, and our guests who have honored this meeting with their presence.

2019 was a year of sustainable growth for the banking sector despite the fluctuations in domestic markets due to the volatility in the global economy.

Compared to the last year-end, as of 31 December 2019;
Total Assets increased by 21.71% to TL 51,392 million,
Total Collected Funds increased by 38.94% to TL 39,769 million,
Funded Credits* increased by 13.61% to TL 29,749 million,
Shareholders' Equity increased by 17.18% to TL 3,822 million,
Net Profit realized as TL 63,4 million.

*Includes financial leasing receivables.

We, as Board of Directors, attained a sustainable growth in our assets despite the fluctuations that we experienced in 2019. We shall continue our steady growth in 2019 with our capital increase that we realized with the support of our valued shareholders.

We hereby submit for your consideration and approval the balance sheet and profit/loss statement contained in our annual report for 2017.

Respectfully,

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.
BOARD OF DIRECTORS**

**SUPPORT SERVICES
RECEIVED IN
ACCORDANCE WITH
THE REGULATION ON
SUPPORT SERVICES
FOR BANKS AND
AUTHORIZATION
OF COMPANIES TO
PROVIDE THESE
SERVICES**

TRADE NAME OF THE SUPPORT SERVICES PROVIDER	BUSINESS LINE OF SUPPORT SERVICES PROVIDER
32BİT BİLGİSAYAR HİZMETLERİ LTD. ŞTİ.	INFORMATION SYSTEMS
360 TREASURY SYSTEMS AG	TRANSACTION PLATFORM
ACERPRO BİLİŞİM ÇÖZÜMLERİ YAZILIM VE DANIŞMANLIK HİZMETLERİ İÇ VE DIŞ TİC.LTD.ŞTİ.	INFORMATION SYSTEMS
ACTIVE BİLGİSAYAR HİZMETLERİ VE TİCARET LİMİTED ŞİRKETİ	INFORMATION SYSTEMS
AUSTRIA CARD TURKEY KART OPERASYONLARI A.Ş.	PERSONALIZATION AND ENVELOPING SERVICES
AVİ GAYRİMENKUL YATIRIM DEĞERLEME VE DANIŞMANLIK A.Ş.	ATTORNEY FOR TRANSACTIONS AT THE DIRECTORATE OF LAND REGISTRY
BİRLEŞİK ÖDEME HİZMETLERİ VE ELEKTRONİK PARA A.Ş.	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
DESMER GÜVENLİK HİZ. TİC. A.Ş.	TRANSPORTATION, CUSTODY, ATM CASH SUPPLY AND MAINTENANCE
ENFORSEC BİLGİ GÜVENLİĞİ YAZILIM BİLİŞİM DANIŞMANLIK LİMİTED	INFORMATION SYSTEMS
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS
KOBİL BİLGİSAYAR ENERJİ VE ELEKTRİK SİSTEMLERİ SANAYİ TİCARET LİMİTED ŞİRKETİ	INFORMATION SYSTEMS
KOBİL BİLGİSAYAR ENERJİ VE ELEKTRİK SİSTEMLERİ SANAYİ TİCARET LİMİTED ŞİRKETİ	INFORMATION SYSTEMS
INNOVERA BİLİŞİM TEKNOLOJİLERİ A.Ş.	INFORMATION SYSTEMS
FU GAYRİMENKUL YATIRIM DANIŞMANLIK ANONİM ŞİRKETİ	ATTORNEY FOR TRANSACTIONS AT THE DIRECTORATE OF LAND REGISTRY
INNOVERA BİLİŞİM TEKNOLOJİLERİ A.Ş.	INFORMATION SYSTEMS
MAPA GLOBAL BİLGİSAYAR YAZILIM DANIŞMANLIK SANAYİ LİMİTED ŞİRKETİ	INFORMATION SYSTEMS
GÜZEL SANATLAR ÇEK BASIM LTD. ŞTİ.	CHECK PRINTING CONTRACT
INTERTECH BİLGİ İŞLEM VE PAZARLAMA A.Ş.	CORE BANKING
IRON MOUNTAIN ARŞİVLEME HİZMETLERİ A.Ş.	ARCHIVE SERVICES
İPOTEKA GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	ATTORNEY FOR TRANSACTIONS AT THE DIRECTORATE OF LAND REGISTRY
KARTEK KART VE BİLİŞİM TEKNOLOJİLERİ TİCARET LİMİTED ŞİRKETİ (SMARTSOFT)	INSTANT DEBIT CARD AND CREDIT CARD PRINTING SERVICE
KETS BİLGİSAYAR ELEKTRONİK İLETİŞİM HİZMETLERİ SAN. VE TİC. LTD. ŞTİ.	INFORMATION SYSTEMS
KİBELE İLETİŞİM SİSTEM VE SERVİSLERİ TİCARET LİMİTED ŞİRKETİ	INFORMATION SYSTEMS
MASTERCARD PAYMENT TRANSACTION SERVICES TURKEY BİLİŞİM HİZMETLERİ A.Ş.	CLOSED CIRCUIT CARD POS PACKAGE PURCHASE
MOBİL EĞLENCE TELEKOMÜNİKASYON FİLMCİLİK REKLAMCILIK TURİZM YAYINCILIK SAN. VE TİC. LTD.ŞTİ.	INFORMATION SYSTEMS
NADİR METAL RAFİNERİ SANAYİ VE TİCARET ANONİM ŞİRKETİ	PHYSICAL GOLD COLLECTION
ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET A.Ş.	INFORMATION SYSTEMS
ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET A.Ş.	INFORMATION SYSTEMS
ODC İŞ ÇÖZÜMLERİ DANIŞMANLIK TİCARET A.Ş.	INFORMATION SYSTEMS
PIKSEL İNTERNET VE REKLAM HİZMETLERİ TİC. A.Ş.	INFORMATION SYSTEMS
POSTA VE TELGRAF TEŞKİLATI A.Ş.	PTT CORRESPONDANCE SERVICES
POSTKOM BASIM POSTA VE İLETİŞİM HİZMETLERİ ANONİM ŞİRKETİ	CREDIT CARD STATEMENT PRINTING SERVICE
SİMAN T BİLGİ İŞLEM SANAYİ VE TİCARET ANONİM ŞİRKETİ	INFORMATION SYSTEMS
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.	AUTOMATIC OUTCALL
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.	IP-BASED POWER PLANT CONTRACT
SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.	INFORMATION SYSTEMS
SMARTTEK YAZILIM VE ENDÜSTRİYEL OTOMASYON SANAYİ VE TİCARET A.Ş.	INFORMATION SYSTEMS
SUPERONLINE İLETİŞİM HİZMETLERİ ANONİM ŞİRKETİ	INFORMATION SYSTEMS
THOS HUKUK OTOMASYON SİSTEMLERİ YAZILIM A.Ş.	INFORMATION SYSTEMS
TNETWORKS BİLİŞİM TEKNOLOJİLERİ SAN. TİC. LTD. ŞTİ.	INFORMATION SYSTEMS
TNETWORKS BİLİŞİM TEKNOLOJİLERİ SAN. TİC. LTD. ŞTİ.	INFORMATION SYSTEMS
VİZYON BİLGİ TEKNOLOJİLERİ VE DANIŞMANLIK LTD. ŞTİ.	E-INVOICE
YAPI KREDİ BANKASI A.Ş.	OPERATIONAL SERVICES
MEDYASOFT DANIŞMANLIK VE EĞİTİM ANONİM ŞİRKETİ	INFORMATION SYSTEMS

**TRANSACTIONS
WITH THE BANK'S
RISK GROUP**

As of December 31, 2018 wakala borrowings obtained within the framework of the investment-purpose wakala contracts signed with the risk group that includes the Bank, amount to USD 34,002,557 and EUR 65,082,069 (December 31, 2018: USD 31,856,532 and EUR 122,404,261). The profit share expense relating to these wakala borrowings for the period between January 1, 2019, and December 31, 2019, is TL 12,346 (December 31, 2018: TL 19,416). The Bank has issued Sukuk equivalent to TL 2,690,00 through Bereket Varlık Kiralama A.Ş., which is included in the risk group that includes the Bank. The total expenses of Sukuk issues are TL 526,768 for the accounting period that ended as of December 31, 2019. (Includes USD 350,000,000 of capital paid and closed in June 2019) (December 31, 2018: TL 277,503).

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. Statement of Compliance with Corporate Governance Principles

Albaraka Türk Katılım Bankası A.Ş. ("Albaraka Türk" or "Bank") has been subject to the Corporate Governance Communiqué ("Communiqué") no. II-17.1 and the Corporate Governance Principles attached thereto that were issued by the Capital Markets Board ("CMB") in accordance with the relevant articles of the Turkish Commercial Code, Banking legislation, and the Capital Markets Board ("CMB") legislation since its public offering in 2007. 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 the regulations under the Corporate Governance Communiqué no. II-17.1, the election for the independent member of the Board of Directors was 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 Association of the Bank was reviewed and submitted to the General Assembly of 2012 where it was approved. Updated information of the Bank is put at the disposal of all our stakeholders at Albaraka Türk website and Investor Relations tab in the same website.

Within the scope of the studies on compliance with the Corporate Governance Principles, the Bank's Corporate Governance Committee ("Committee") responsible for monitoring, evaluating and performing improvement operations for compliance with the relevant principles was established in 2007. The Committee has made studies on improvement of the Bank's corporate governance practices at the meeting held in 2019. 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 activity report. The Investor Relations Unit continued its activities as a separate unit in 2019.

Albaraka Türk is receiving rating service from JCR Eurasia Rating (JCR Avrasya Derecelendirme A.Ş.) authorized by CMB on Corporate Governance Rating since 2010. In this respect, on June 11, 2019, while corporate governance rating given by JCR Eurasia Rating increased from 8.92 to 9.04, the outlook was revised as positive. As the note for compliance with CMB Corporate Governance Principles is over the Threshold Point of 7, Albaraka Türk is included in Borsa İstanbul Corporate Governance Index since 2010. Compliance notes the Bank has received in four main categories are as follows:

Main Headings	Weight (%)	Note
Shareholders	25	9.05
Public Disclosure and Transparency	25	9.25
Stakeholders	15	9.08
Board of Directors	35	8.86

The upgrade for 2019 is the result of higher notes in the areas including Public Disclosure and Transparency (from 9.04 to 9.25), Stakeholders (from 8.90 to 9.08), and Board of Directors (from 8.76 to 8.86). During the monitoring period, the Bank's level of transparency was increased thanks to the "Corporate Governance Principles Compliance Report" and "Corporate Governance Information Form" disclosed to the public in a new format. Therefore, the compliance note of the main section Public Disclosure and Transparency went up. Since the digitalization investments and activities were determined to have increased the efficiency and quality of the practices described under the main section Stakeholders, the Bank's compliance note for the main section Stakeholders was upgraded. Similarly, since the digitalization investments and activities were determined to have increased the efficiency and quality of the practices described under the main section Board of Directors, the Bank's compliance note for the main section Board of Directors was upgraded. 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.

CRF Corporate Governance Compliance Report

	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
Corporate Governance Compliance Report						
1.1. FACILITATION OF EXERCISING SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercising of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND EXAMINE INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Assembly.					X	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Assembly Meeting.	X					
1.3.10 - The agenda of the General Assembly Meeting included a separate item detailing the amounts and beneficiaries of all donations and aids.	X					
1.3.11 - The General Assembly Meeting was held open to the public, including the stakeholders and media, without having the right to speak.					X	In 2019, no request for attendance at the general assembly was received from the stakeholders and media.
1.4. VOTING RIGHT						
1.4.1 - There is no restriction and practice preventing shareholders from exercising their voting rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Assembly Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	In the Bank's capital, there is no mutual participation relationship.
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercising of minority rights.	X					
1.5.2 - The Articles of Association extends the exercising of minority rights to those who own less than one twentieth of the outstanding shares, and expands the scope of the minority rights.	X					
1.6. DIVIDEND RIGHTS						
1.6.1 - The Dividend Distribution Policy approved by the General Assembly is posted on the company website.	X					
1.6.2 - The Dividend Distribution Policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for not distributing the profit, and its allocation, are stated in the relevant agenda item.	X					
1.6.4 - The Board reviewed whether the dividend distribution policy balances the benefits of the shareholders and those of the company.	X					

**CORPORATE
GOVERNANCE
PRINCIPLES
COMPLIANCE REPORT**

	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The Company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares of real person shareholders owning more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The Company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The Board of Directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. COMPANY POLICY REGARDING STAKEHOLDERS						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fide principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting illegal and unethical issues.	X					
3.1.5 - The Company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. ENCOURAGING STAKEHOLDERS TO TAKE PART IN THE MANAGEMENT OF THE COMPANY						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The Company has adopted an employment policy ensuring equal opportunities, and a succession planning for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The Company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					

	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees in detail, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The Company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The Company measured customer satisfaction, and operated to ensure unconditional customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The Company complies with the quality standards with respect to its products and services.	X					
3.4.4 - The Company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. CODE OF CONDUCT AND SOCIAL RESPONSIBILITY						
3.5.1 - The Board of the corporation has adopted a code of ethics and disclosed on the corporate website.	X					
3.5.2 - The Company is considerate of its social responsibilities. Measures have been taken to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The Board of Directors has ensured that strategy and risks do not threaten the long-term interests of the company, and an effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategic targets, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. BOARD OF DIRECTORS' PRINCIPLES OF ACTIVITY						
4.2.1 - The Board of Directors documented its activities and reported to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The Board has ensured the Company has an internal control system adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The Board of Directors ensures that the investor relations department and corporate governance committee function effectively, while working in close cooperation with the investor relations department and corporate governance committee in resolving the disputes between the company and shareholders and communicating with shareholders.	X					

**CORPORATE
GOVERNANCE
PRINCIPLES
COMPLIANCE REPORT**

	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				A Directors' liability insurance is in place for the damage the company may face due to their faults in performing their duties, and it does not exceed 25% of the capital.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board of directors annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			The Bank does not have a policy in place for the minimal target of 25% for female directors on the Board.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. THE FORMAT OF BOARD OF DIRECTORS' MEETINGS						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members prior to the meeting.	X					
4.4.3 - The opinions of board members who could not attend the meeting, but did submit their opinions in writing, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include directors' dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of the duties board members have assumed outside the company at the general assembly meeting.		X				There is no restriction preventing the board members from assuming external duties. Shareholders are informed of the duties board members have assumed outside the company at the general assembly meeting.

	Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
4.5. COMMITTEES ESTABLISHED UNDER THE BOARD OF DIRECTORS						
4.5.5 - Board members serve in only one of the Board's committees.			X			Board members serve in more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	No committee received consultancy services in 2019.
4.5.8 - Minutes of all committee meetings are kept and reported to the board members.	X					
4.6. FINANCIAL RIGHTS OF THE BOARD MEMBERS AND EXECUTIVE DIRECTORS						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			A board performance evaluation has not been carried out.
4.6.4 - The company did not extend any loans to its board members or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under the title of a personal credit through third parties or provided guarantees such as surety in their favour.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Information on the remuneration and compensation provided to Board members and executives is made available in the annual report.

**CORPORATE
GOVERNANCE
PRINCIPLES
COMPLIANCE REPORT**

CGIF Corporate Governance Information Form

Corporate Governance Information Form 2019

1. SHAREHOLDERS

1.1. Facilitation of Exercising of Shareholder Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Throughout the year, five teleconferences and meetings were held with the representatives of investors.
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1.2. Right to Obtain and Examine Information

The number of special auditor requests	None
The number of special auditor requests that were accepted at the general assembly meeting	None

1.3. GENERAL ASSEMBLY

The link of the announcement made in the Public Disclosure Platform (KAP) that includes the information requested under the principle 1.3.1 (a-d)	https://www.kap.org.tr/tr/Bildirim/742975
Whether the general assembly meeting documents were presented in Turkish and English languages simultaneously	General Assembly meeting documents are available in Turkish and English at the website of our Bank.
The links of the announcements made on KAP associated with the transactions that are not approved by the majority of independent members or by unanimous votes of present board members in the context of Principle 1.3.9.	In the context of Principle 1.3.9, there is no transaction that is not approved by the majority of independent members or by unanimous votes of present board members.
The links of the announcements made on KAP related to the transactions carried out with related parties, under the Communiqué on Corporate Governance (II-17.1), article 9	There is no transaction carried out with related parties requiring a KAP disclosure under the Communiqué on Corporate Governance (II-17.1), article 9.
The links of the announcements made on the Public Disclosure Platform (KAP) related to the transactions that are of a frequent and continuous nature, under the Communiqué on Corporate Governance (II-17.1), article 10	There is no transaction that is of a frequent and continuous nature requiring an announcement on KAP under Article 10 of the Communiqué on Corporate Governance (II-17.1).
The heading of the section on the corporate website that contains the policy regarding donations and aids	It can be found at https://www.albaraka.com.tr/surdurulebilirlik/diger-politikalar.aspx .
The link of the announcement made on KAP with the minutes of the General Assembly Meeting where the donation and aid policy has been approved	https://www.kap.org.tr/tr/Bildirim/750516
The number of the article in the Articles of Association governing stakeholders' attendance at general assembly	It is governed by Article 33 entitled "General Assembly" of our Bank's Articles of Association.
Information regarding the stakeholders who attend general assemblies	Board members, employees, representatives of the Corporate Governance Rating Agency, and the representative of the independent audit firm attended the general assembly meeting of our Bank.

1.4. Voting Rights

Whether there are any privileged voting rights	No
In case there are voting privileges, indicate the privileged shareholders and their voting percentages.	None
Shareholding rate of the majority shareholder	36.29%

1.5. Minority Rights

Whether the scope of minority rights is expanded (in terms of content or percentage) in the articles of the association	No
If the minority rights were expanded with respect to content or percentage, please specify the number of the related article of the Articles of Association.	None

1.6. Dividend Right

The heading of the section on the corporate website that includes the policy on dividend distribution	It can be found at https://www.albaraka.com.tr/surdurulebilirlik/diger-politikalar.aspx .
In case the Board proposes not to distribute any dividends at the general assembly meeting, the basis for such proposal and the minutes of the related general assembly agenda item which includes the reason not to distribute profit, and the utilization method of the undistributed profit	-
The link of the announcement made on KAP with relevant general assembly meeting minutes in case the Board proposed to the general assembly not to distribute profit	-

General Assembly Meetings

General Assembly Date	28.03.2019
The number of requests for additional information regarding the agenda of the general assembly	0
Percentage of shareholders' attendance at general assembly	76.06%
Percentage of shares directly represented at the meeting	7.69%
Percentage of shares represented by proxy	68.37%
The heading of the section on the corporate website that includes the general assembly meeting minutes, and also indicates for each resolution dissentive and affirmative votes	About Us / Investor Relations / General Assembly / Minutes of the General Assembly Meetings
The heading of the section on the corporate website that contains all questions asked and all responses provided at the general assembly meeting	None.
The number of the article or paragraph of the minutes of the general assembly meeting regarding related parties	There is no agenda item regarding related parties.
The number of people who have the privilege to access shareholding information upon notification of the Board (the Insider List)	34
The KAP link of the general assembly notification	https://www.kap.org.tr/tr/Bildirim/750516

**CORPORATE
GOVERNANCE
PRINCIPLES
COMPLIANCE REPORT**

2 . PUBLIC DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

The headings of the sections on the corporate website that include information required by the corporate governance principle numbered 2.1.1	The information is provided under sections entitled About Us and Corporate Governance on the corporate website (www.albaraka.com.tr).
The heading of the section on the corporate website that includes the list of real person shareholders who own more than 5% of the Company's shares, directly or indirectly	Corporate Governance/Investor Relations/Shareholding Structure
Languages in which the corporate website is presented	Turkish and English

2.2. Annual Report

The page numbers and/or heading of the sections in the Annual Report that demonstrate the information required by corporate governance principle 2.2.2.	
a) Page number or heading of the section in the annual report that presents board members' and executives' external commitments, and board members' independence statements	Annual Report 2018 p. 66 - 68
b) Page number or heading of the section in the annual report that provides information on the committees established under the Board of Directors	Annual Report 2018 p. 77-79
c) Page number or heading of the section in the annual report that includes the number of board meetings held throughout the year, and the members' attendance status	Annual Report 2018 p. 77
d) Page number or heading of the section in the annual report that provides information on regulatory changes that can have a material impact on the Company's activities	In 2018, no regulatory change that can have a material impact on the Company's activities occurred.
d)The page number or heading of the section that includes information regarding important lawsuits filed against the company and possible consequences thereof	Annual Report 2018 p. 373
f) Page number or heading of the section in the annual report that provides information on the conflicts of interest between the Company and entities providing investment advisory and rating services to the Company, and the precautions taken to prevent these	No conflicts of interest occurred between our Bank and the entities providing investment advisory and rating services. Precautions to prevent conflicts of interest are described in the Conflicts of Interest Policy of our Bank.
g) Page number or heading of the section in the annual report that includes information on cross holding cases where direct shareholding exceeds 5%	The Company does not have an affiliate involving a cross holding case.
h) Page number or heading of the section that provides information on employees' benefits and professional training, as well as other corporate social responsibility activities related to the Company's operations that have social and environmental impacts	Annual Report 2018 p. 54-59

3. STAKEHOLDERS

3.1. Company Policy Concerning the Stakeholders

The heading of the section on the corporate website that includes the policy on compensation	Human Resources/Personal Benefits
The number of final court verdicts against the Company that result from violation of employee rights	None
The title of the individual in charge of the whistleblowing programme	Inspection Board
Contact information of the Company's mechanism to report violations	https://www.albaraka.com.tr/ihbar-hatti.aspx , Let's Solve the Problem at 0850 222 87 87, Alo Albaraka at 0850 222 5 666 or 444 5 666

3.2. Encouraging Stakeholder Participation in the Management of the Company

The heading of the section on the corporate website that includes internal regulations on employees' participation in the managerial bodies of the Company	The Working Committee makes suggestions to the Bank for developing policy and strategy regarding the working life within the Bank and works to encourage the participation of the junior and middle level personnel in the management.
Managerial bodies in which employees are represented	Working Committee

3.3. Human Resources Policy of the Company

The role of the Board in the development of a succession plan for key management positions	An Organizational Succession Procedure has been established at our Bank. This procedure is intended to establish the principles of implementation regarding the career-related organizational succession system at our Bank. Procedures have been determined regarding senior management representation, executive representation, managerial succession, and creation of a talent pool.
The heading of the section on the corporate website that includes the human resources policy on equal opportunities and recruitment criteria, or a summary of the related articles of the policy	It is available at https://www.albaraka.com.tr/ise-alim-sureci.aspx . We initiate the recruitment process for the candidates who are eligible in terms of our corporate culture and the qualifications we seek. This process may vary depending on the position and experience criteria. With the confidence of being Turkey's pioneering institution in participation banking, we establish a sound working environment, support our employees' professional development, implement a fair remuneration policy, and employ qualified people for each position. Through the Albaraka Career Management Service, we determine career goals taking employees' personal skills into account, increase their job satisfaction, and contribute to their personal and professional development. We believe that employees are the most valuable asset of a company, and thus strive to become an institution of choice for the career of employees. Our vision is based on employing those candidates who believe in the interest-free banking principles, expanding our market share, and enhancing communication among our partners, employees and customers. In order to boost the team spirit, we organize trips, dinners and sports tournaments for our employees.
Whether there is a plan to grant shares to employees	No share-granting plan is in place at the Bank.
The heading of the section on the corporate website that includes the human resources policy on preventing discrimination and harassment, or a summary of the related articles of the policy	The Human Resources Policy is published on the corporate website of the Bank. Respect for the personality of each and every member of the staff, and guaranteeing the protection of their rights regarding the business relationship they have with the company, are among the key elements of our Human Resources Policy.
The number of final court verdicts against the Company that result from the liabilities associated with occupational accidents	None

**CORPORATE
GOVERNANCE
PRINCIPLES
COMPLIANCE REPORT**

3.5. Ethical Principles and Social Responsibility

The heading of the section on the corporate website that includes the policy on ethical principles	https://www.albaraka.com.tr/assets/tr/pdf/yatirimci-iliskileri/etik-ilkeler-politikasi.pdf
The heading of the section on the corporate website that includes the corporate social responsibility report. If there is no report on corporate social responsibility, precautions taken with respect to the environmental, social and corporate governance issues	https://www.albaraka.com.tr/surdurulebilirlik/kurumsal-sosyal-sorumluluk-calismalari.aspx
Precautions taken to fight against all kinds of corruption, including fraud and bribery	For this purpose, the Anti-Bribery and Anti-Corruption Policy is in place. The Anti-Bribery and Anti-Corruption Policy is intended to demonstrate Albaraka Türk Katılım Bankası A.Ş.'s strict commitment to, and compliance with, the legal regulations, ethical and professional requirements and principles, as well as universal rules on fighting against bribery, corruption and other forms of financial abuse. The Bank meticulously examines the findings of the controls and audits performed by the units under Internal Systems, and the reports made to the Whistleblowing Line; classifies them under relevant categories of bribery, corruption, and similar forms of financial abuse; and makes sure necessary action is taken. The Bank guarantees that any matters regarding the implementation or violations of this Policy are published on the corporate website in an accurate, complete, comprehensible, and timely manner, for the purposes of updating all stakeholders, including the public, in line with the Corporate Governance Principles and sustainability. Within this scope, Anti-Corruption and Anti-Bribery Systems have been established. In order to preserve and strengthen its national and international reputation, protect customers, and maintain the qualified staff, the Bank's relevant units under "Internal Systems" perform risk monitoring and auditing/reporting activities regarding anti-corruption and anti-bribery. Non-compliant activities are reported to the Bank by the Internal Control Department, Department of Inspection Board, and Compliance and Legislation Department, as well as via the Whistleblowing Line. Furthermore, the Bank has established the Policy on Compliance with Requirements for the Prevention of Laundering Proceeds of Crime and Financing of Terrorism to put in the most effective fight against the laundering of proceeds of crime and the financing of terrorism.

4. BOARD OF DIRECTORS-I

4.2. Principles of Activity of the Board of Directors

The date of the last board performance assessment conducted	None
Whether the board assessment was externally facilitated	No
Whether all board members are discharged	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such authorities	Chairman of the Board of Directors of the Bank is Adnan Ahmed Yusuf Abdulmalek. Chairman of the Board of Directors does not have executive jobs within the scope of BRSA regulations. Vice Chairman of the Board of Directors is Osman Akyüz, and the members are Ibrahim Fayez Humaid Alshamsi, Prof. Dr. Mehmet Asutay, Muhammad Zarrug M. Rajab, Süleyman Kalkan, Mustafa Büyükbacı, Khaled Abdulla Mohamed Ateeq, Hamad Abdulla Ali Aloqab, Fahad Abdullah A. Alrajhi and Prof. Dr. Kemal Varol, and Melikşah Utku is a member and General Manager.
The number of reports presented to the Supervisory Board or other related committees by the internal control department	5
The heading of the section or page number in the annual report that contains the evaluation on the efficacy of the internal control system	Annual Report p. 94
Name of the Chairman of the Board	Adnan Ahmed Yusuf ABDULMALEK
Name of the Chief Executive Officer/General Manager	Melikşah UTKU
The link of the announcement made on the Public Disclosure Platform (KAP), where the reasoning is explained for the chairman and the chief executive officer/general manager to be the same person	The Chairman of the Board of Directors and the Chief Executive Officer/General Manager are not the same person.
The link of the announcement made on the Public Disclosure Platform (KAP) stating that any damage the company may face due to board members' fault in performing their duties is insured for an amount exceeding 25% of the capital	The damage caused by board members due to their fault in performing their duties has been insured; however, the sum insured does not exceed 25% of the Bank's capital as set forth in the Communiqué on Corporate Governance Principles and has not been disclosed on KAP.
The heading of the section on the corporate website that includes the current diversity policy targeting female board members	None
The number and ratio of female board members	None

CORPORATE
GOVERNANCE
PRINCIPLES
COMPLIANCE REPORT

Composition of the Board

Name/Surname of the Board Member	Executive Role	Independent Board Member	Date of Initial Election to the Board	The link of the announcement made on KAP that contains the statement of independence	Whether the Independent Member is Evaluated by the Nomination Committee	Whether a Member Ceased to Qualify as an Independent Member	Whether minimum 5 years of experience in audit/accounting and/or finance is held
Adnan Ahmed Yusuf ABDULMALEK	Non-executive	Not independent	8.04.2005		-	No	Yes
Osman AKYÜZ	Non-executive	Not independent	12.04.2000		-	No	Yes
İbrahim Fayeze Humaid ALSHAMSI	Non-executive	Not independent	8.04.2005		-	No	Yes
Prof. Dr. Mehmet ASUTAY	Non-executive	Not independent	30.06.2018		-	No	Yes
Hamad Abdulla A. ALOQAB	Non-executive	Not independent	20.03.2008		-	No	Yes
Fahad Abdullah A. ALRAJHI	Non-executive	Not independent	20.03.2008		-	No	Yes
Süleyman KALKAN	Non-executive	Not independent	30.05.2018		-	No	Yes
Prof. Dr. Kemal Varol	Non-executive	Not independent	29.03.2013		-	No	Yes
Muhammad Zarrug M. RAJAB	Non-executive	Independent member	28.10.2015	https://www.kap.org.tr/tr/Bildirim/666797	Evaluated	No	Yes
Dr. Khaled Abdulla Mohamed ATEEQ	Non-executive	Not independent	23.03.2017		-	No	Yes
Mustafa BÜYÜKABACI	Non-executive	Not independent	23.03.2017		-	No	Yes
Melikşah UTKU	Executive	Not independent	19.10.2016		-	No	Yes

4. BOARD OF DIRECTORS-II

4.4. Format of the Board Meetings

The number of physical board meetings involving members attending in person in the reporting period	5
Average attendance rate at the board meetings	90%
Whether the board uses an electronic portal to facilitate its works or not	No
Number of days prior to the meeting for the information and documents to be presented to the members pursuant to the Board of Directors' principles of activity	Information and documents are presented to the members one week prior to the meeting pursuant to the Board of Directors' principles of activity.
The heading of the section on the corporate website that includes information on internal regulations of the Company specifying the rules for board meetings	Investor Relations/2019 Corporate Governance Principles Compliance Report.
The upper limit set forth in the policy for the board members to assume other duties outside the Company	The General Assembly decided to allow Board Members to conduct activities falling under the scope of the Bank's operations personally or on behalf of others, to become shareholders in the companies with similar operations, and to perform relevant activities, in accordance with Articles no. 395 and 396 of the Turkish Commercial Code.

4.5. Committees Established under the Board of Directors

	Page number or the heading of the section in the annual report that provides information on the committees of the board of directors Annual Report p. 77-79
The link of the announcement made on KAP that includes the principles of activity for committees	https://www.kap.org.tr/tr/Bildirim/746076 2018 The committees' principles of activity and responsibilities are described on p. 77 - 79 in the Annual Report.

**CORPORATE
GOVERNANCE
PRINCIPLES
COMPLIANCE REPORT**

Committees of the Board of Directors-I

Names of Board Committees	Name of the Committee Designated as "Other" in the first column	Name/Surname of Committee Members	Committee Chair	Board Member
Audit Committee		Mustafa BÜYÜKABACI	Yes	Board member
Audit Committee		Süleyman KALKAN	No	Board member
Audit Committee		Mehmet ASUTAY	No	Board member
Corporate Governance Committee		Muhammad Zarrug M. RAJAB	Yes	Board member
Corporate Governance Committee		Ibrahim Fayez Humaid ALSHAMSI	No	Board member
Corporate Governance Committee		Mehmet ASUTAY	No	Board member
Corporate Governance Committee		Mansur ÇELEPKOLU	No	Not a board member
Remuneration Committee		Adnan Ahmed Yusuf ABDULMALEK	Yes	Board member
Remuneration Committee		Osman AKYÜZ	No	Board member
Remuneration Committee		Melikşah UTKU	No	Board member
Other	Credit Committee	Adnan Ahmed Yusuf ABDULMALEK	Yes	Board member
Other	Credit Committee	Osman AKYÜZ	No	Board member
Other	Credit Committee	Kemal Varol	No	Board member
Other	Credit Committee	Melikşah UTKU	No	Board member

4. BOARD OF DIRECTORS-III

4.5. Committees Established under the Board of Directors-II

Specify where the activities of the audit committee are presented in your annual report or corporate website (Page number or heading of the section)	Annual Report p. 77
Specify where the activities of the corporate governance committee are presented in your annual report or corporate website (Page number or heading of the section)	Annual Report p. 77
Specify where the activities of the nomination committee are presented in your annual report or corporate website (Page number or heading of the section)	The Corporate Governance Committee performs the duties of the Nomination Committee. Annual Report p. 78
Specify where the activities of the early detection of risk committee are presented in your annual report or corporate website (Page number or heading of the section)	The Bank does not have an Early Detection of Risk Committee.
Specify where the activities of the remuneration committee are presented in your annual report or corporate website (Page number or heading of the section)	Annual Report p. 78

4.6. Financial Rights Provided to the Board Members and Executive Directors

The page number or the heading of the section in the annual report where information on operational and financial performance goals, and whether they have been achieved is presented.	Annual Report p. 80
The heading of the section on the corporate website that includes the remuneration policy for executive and non-executive board members.	None
Page number or heading of the section in the annual report which states the wages and other benefits provided to board members and other executives with administrative responsibilities	Annual Report p. 89

Committees of the Board of Directors-II

Names of Board Committees	Name of the Committee Designated as "Other" in the first column	Ratio of Non-Executive Members	Ratio of Independent Members	Number of Physical Meetings Held by the Committee	The number of reports presented to the Board by the Committee on its activities
Audit Committee		100%	100%	5	5
Corporate Governance Committee		75%	25%	6	6
Remuneration Committee		66%	0%	4	4
Other	Credit Committee	75%	0%	98	5

**SUMMARY
FINANCIAL
INFORMATION
FOR THE FIVE-YEAR
PERIOD**

Financial Indicators	2015	2016	2017	2018	2019
Total Assets (TL thousand)	29,561,999	32,850,738	36,229,077	42,223,652	51,392,368
Funds Collected (TL thousand)	20,346,178	23,155,134	25,309,840	28,623,473	39,769,408
Funded Credits* (TL thousand)	19,505,392	22,722,054	25,193,463	26,184,989	29,749,139
Shareholders' Equity (TL thousand)	2,103,914	2,279,593	2,481,506	3,261,451	3,821,929
Net Profit (TL thousand)	302,863	217,609	237,093	133,968	63,429
The Number of Personnel	3,736	3,796	3,899	3,988	3,791
Number of Branches	213	213	220	230	230

Financial Ratios (%)	2015	2016	2017	2018	2019
Funded Credits/Total Assets	66.0	69.2	69.5	62.0	57.9
Funded Credits/Funds Collected	95.9	98.1	99.5	91.5	74.8
Funds Collected/Total Assets	68.8	70.5	69.9	67.8	77.4
NPL Ratio	2.4	4.7	4.7	6.9	7.2
Net NPL Ratio	0.9	2.3	2.0	3.6	4.1
NPL Reserve Coverage Ratio	60.0	52.3	57.7	47.3	42.6
Capital Adequacy Ratio	15.3	13.5	17.1	14.7	15.0

ASSESSMENT ON FINANCIAL SITUATION, PROFITABILITY AND SOLVENCY

Despite the problems in the global markets and volatilities within the country, Albaraka Türk has increased its assets by 21.7% compared to the previous year reaching TL 51.4 billion in 2018.

Albaraka Türk, continuing its support to the real economy in 2019 as well, has increased funded credits* to TL 29.7 billion with an increase of 13.6% compared to the previous year-end. Share of the funded credits in the total assets has realized as 57.9%. Collected Funds by the Bank have increased by 38.9% and raised to TL 39.8 billion in 2019. Through its subsidiary, Bereket Varlık Kiralama A.Ş., the Bank issued TL 9 billion worth lease certificates and guaranteed murabaha transaction over one-year maturity amounting to USD 30 million were issued in 2019. Murabaha Syndication and Senior Sukuk, which amounted to 660 million USD in 2019, were redeemed during the year. The source structure of the Bank is diversified thanks to domestic lease certificates.

Albaraka Türk has preserved its strong equity structure by increasing its equities to TL 3.8 billion with an increase of 17.2% compared to the previous year. The Bank strengthened its equity structure further with a capital increase of TL 450 million at the end of the year. The Bank has gained a net profit of TL 63.4 million in 2019. Raising its operating revenue to TL 4.6 billion with an increase of 14.2%, the Bank has raised its profit share income to TL 3.3 billion with an increase of 10.7%.

Capital adequacy ratio of the Bank is realized as 14.97% as of the end of 2019, which is above the level of legal obligation.

*Includes financial leasing receivables.

RISK MANAGEMENT

The Board of Directors periodically reviews and assesses risk management policies and strategies according to the changing market conditions.

The objective of the Risk Management System of the Bank is to ensure the definition, measurement, monitoring and controlling of the encountered risks by means of the policies, implementation methods and limits that have been determined to monitor, control and when necessary change the risk-return structure including the future cash flows and, accordingly, the quality and level of the 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 the 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.

Being exposed to credit, market, liquidity and operational risks as well as strategic and reputation risks, the Bank determines risk policies and implementation methods and risk limits approved by the Board of Directors for the risks exposed that can be digitized. The said limits are monitored and reported by the units

within the internal systems and the related organs of the Bank and ensured that the risks remain within determined limits. The Presidency of Risk Management which is organized within the framework of risk management regulations carries out the activities of the measurement, monitoring, controlling and reporting of 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.

The risks to which the Bank is exposed or may be exposed in the future are determined and definitions of these risks are made. The identified risks are measured and prioritized to the extent possible. Taking into account the risks stemming from the Bank's strategies and the potential impact of the strategy on the risk profile, it is ensured that all significant risks are included in the risk appetite. Bank strategies are associated with a risk profile and risk appetite. If the risk profile is expected to change in the future, this change is considered together with the level of impact on capital. In the creation of a risk profile, risk type is analyzed based on sector and/or geographical location.

The risk tolerance of the bank is the maximum amount 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. In this aspect, risk tolerance is the level of risk that the Bank deems acceptable given the diversity of services offered.

The Bank's risk appetite refers to the amount of risk that the Bank accepts to take to achieve strategic goals, it also includes reasonable variability in targets. The common feature of the Bank's risk appetite and risk tolerance is its limits on acceptance of risk. However, risk tolerance is more extensive.

The "Risk Appetite Policy," approved by the Board of Directors and updated annually, determines the risk levels that the bank may take to implement its strategies and achieve its objectives. The limits and triggering functions defined according to the Bank's risk profile are explained in detail and display the Bank's risk appetite and risk tolerance.

Taking into account the activity profile and future growth expectations, the financial status of the bank is calculated by the amount of capital needed to accomplish strategic objectives, 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. Aiming to ensure capital allocation compatible with the risks of its functional operations and increase the capital return set according to these risks to the maximum level, the Bank evaluates risks by classifying them as market risk, liquidity risk, credit risk, operational risk and other risks.

Market Risk

Market risk of the Bank refers to the probability of loss that may be incurred due to the foreign currency risk, stock position risk, commodity risk and profit rate risk.

Market risk mainly indicates the probability of loss that may be exposed to the Bank's on-balance and off-balance sheet positions within the scope of exchange rate risk, commodity risk, profit rate risk and stock position risk due to movements in market prices; within the context of market risk, the 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 it to the authorities accordingly on a regular basis.

The Bank continuously monitors whether the market risk complies with the limits set by the legislation. Exchange rate risk is also subject to review and supervision by the Asset/Liability Committee. The foreign exchange rate strategy of the Bank is to keep the exchange rate risk in balance and not to give short positions and open an excessive amount of position.

Liquidity Risk

The Bank's liquidity risk consists of funding liquidity risk and market liquidity risk. The funding liquidity risk refers to the likelihood of a loss occurring in cases where it is not possible to adequately meet the entirety of the bank's foreseeable and unforeseen cash flow requirements without affecting the daily banking activities or the financial structure of the bank.

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 on time due to shortage of liquid funds. 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.

To manage liquidity risk, the Bank monitors the cash flows daily and takes preventive and improving measures so that commitments are met duly in time. Liquidity risk is also evaluated by ALCO weekly.

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 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 on time, in violation of the provisions of their credit contracts. This risk also contains any losses in the market value 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 that kept off-balance sheet.

The authority to approve credits belongs to the Board of Directors of the 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 exercises that authority to extend credits by means of the credit departments and Bank branches. At our Bank, credit allocations are realized within those limits that are determined based on each debtor and a group of debtors. The system prevents customers from exceeding the credit risk limit.

The Bank pays particular attention to prevent sectoral concentration that may adversely affect 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. In this way, it is ensured that the 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. Whereas legal risk and compliance risk are included in this risk group, reputation risk and strategic risk are excluded.

Operational risk is a type of risk inherent 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, etc.

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 preventive measures to maintain operational risks at acceptable levels.

Other Risks

Other risks to which the Bank may be exposed consist of strategic risk, reputation risk, counterparty credit risk, country risk and concentration risk.

Concerning the strategic risk, the Bank aims to make rational decisions and adapt itself according to developments by closely following the economic agenda, technological, financial and social developments, as well as the legal regulations and banking sector in Turkey and abroad. Any factor that leads to the possibility of damaging the bank as a result of the negative thoughts about the bank of different or related parties, such as the current and potential clients, partners, competitors and supervisory authorities or the negative developments such as decrease of trust in the bank or damage to the bank's reputation due to failure to comply with the applicable legal regulations are considered as reputation risk. 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.

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 refers to the possibility that the counterparty of a transaction, which brings 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 line with the applicable legislation.

Country risk refers to the possible losses that the Bank may incur when the borrowers in a country cannot fulfill or avoid fulfilling their overseas obligations due to the uncertainty of economic, social and political conditions in this country. In due consideration of the legal obligations, market conditions and customer satisfaction, the Bank establishes its commercial connections with foreign financial institutions and countries given feasibility studies focusing on the economic conditions of each country.

Concentration risk is defined as the possibility that a single risk amount or risk amounts of certain types may incur high losses, which could threaten the Bank's functioning and its ability to perform its core activities. Policies concerning concentration risk are classified as sectoral concentration, concentration based on collaterals, 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 risks faced, Albaraka Türk has formed a sufficient and efficient structure of internal systems, consistent with the scope and structure of activities, accommodating the dynamic environment, covering all the branches and divisions, within the framework of the methods and principles as highlighted in the related regulations.

The units within the scope of the Internal Systems are the Presidency of Inspection, Presidency of Internal Control, Presidency of Risk Management and Presidency of Legislation and Compliance. These units operate under the supervision of the audit committee and the board of directors.

Presidency of Inspection 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 strategies, policies, principles, and objectives but also that the Bank's internal control and risk management systems are effective and adequate. Presidency of Inspection functions with an understanding of risk-focused audit. Technological resources are made use of in the performance of auditing functions. Operations are checked to ensure that they comply with both internal and external regulations.

Inspections are concerned with more than just the findings that are turned up: processes are analyzed, recommendations are made to improve efficacy, and corrective and other action is proactively followed up. The findings, opinions and suggestions at the end of internal control activities are initially shared and evaluated. This way, not only are the necessary complementary and preventive measures adopted and implemented in a fast manner, but also proper and applicable solutions that promote the processes and activities are put into practice. All these tasks are monitored and evaluated closely and constantly by those members of the staff that carry out the activities as well as the internal controllers.

Presidency of Risk Management carries out the activities of measurement, observation, control and reporting of the risks our Bank is exposed to. 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. Risks other than the credit 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 responsible for managing compliance risk effectively, examines the effects of national and international regulations on the Bank's activities, follows and reports the establishment of mechanisms ensuring compliance with the amendments in legislations, provides information and opinions to the Board of Directors regarding the activities planned to be carried out and new products and procedures organizes meetings with the participation of the relevant units to evaluate whether the services purchased by the Bank complies with the Regulation on Outsourcing Services Employed by Banks, communicates the decisions taken at the meetings and, coordinates the communication and application processes carried out with regulatory and supervisory institutions.

Also, according to a number of 5549 Preventing Money Laundering Proceeds of Crime Legislation, Legislation and Compliance Unit performs the following duties: composing relevant policies and procedures for the Bank, conducting risk management activities, conducting activities of monitoring and controlling, conducting training activities, establishing systems to ensure decreasing the risk of unexpected losses and damages to the image of the Bank; early recognition of problems which may result in losses by detecting defects and deficiencies; fixing the defects and deficiencies; setting up warning systems to check and monitor the processes and controlling whether the transactions in our Bank are done in compliance with the policies composed in the context of criminal proceeds legislations.

The staff appointed units within the scope of internal systems, who perform their task independently and impartially, 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 BÜYÜKABACI
Audit Committee President

Süleyman KALKAN
Audit Committee Member

Mehmet ASUTAY
Audit Committee Member

Managers of Internal Audit Systems

Name Surname	Position	Education	Professional 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	15	14	12
Umut ÇAKMAK	President of Risk Management Department	Bachelor's Degree	15	15	15
Ahmet Faruk DEĞİRMENÇİ	President of the Internal Control Department	Bachelor's Degree	12	12	12
Ahmet KOÇ	President of Legislation and Compliance	Bachelor's Degree	23	23	9



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.



Umut ÇAKMAK President of the Risk Management Department

Born in 1983, Çakmak graduated from Istanbul University, Faculty of Business Administration in 2004. He started his career in 2005 at Albaraka Türk Presidency of Risk Management. He served as a risk management expert and vice president and has been the president of the risk management department since 2017. Holding a Capital Market Activities Level 3 License, Derivative Instruments License and Credit Rating License, Umut Çakmak works in the fields of corporate risk management, economic capital, credit rating, market and liquidity risk and operational risk.



Ahmet Faruk DEĞİRMENÇİ President of the Internal Control Department

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 Legislation and Compliance on March 1, 2019. He still serves in this position.

ALBARAKA TÜRK'S RATINGS BY INTERNATIONAL CREDIT RATING AGENCIES

Standard & Poor's			
	08.11.2019	11.10.2018	17.08.2017
Long Term Foreign Currency	B	B	BB-
Short Term Foreign Currency	B	B	B
Support	0	1	1
Long Term in Local Currency	trBBB+	trBBB+	
Short Term in Local Currency	trA-2	trA-2	
Outlook	Negative	Negative	Stable

Ratings by other rating agencies are as follows;

Title of the rating agency	Date of rating	Long-term international rating	Long-term international rating outlook	Investment grade possibility	Long-term national rating	Long-term national rating outlook
JCR	07.05.2019	BBB-	Negative	Investment possible	AA-(TRK)	Negative
IIRA	23.09.2019	BB+	Negative	Investment not possible	AA+(tr)	Negative

Albaraka Turk's Corporate Governance Compliance Ratings of CMB

Jcr Eurasia Rating Results as of July 11, 2019

Compliance with Corporate Governance Principles	9.04
Shareholders	9.05
Public Disclosure and Transparency	9.25
Stakeholders	9.08
Board of Directors and Executives	8.86

RESERVE POLICY

Explanations on reserves for expected losses

The bank carries out expected loss provisioning for amortized costs and fair value through other comprehensive income. According to the "The Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside" promulgated in the Official Gazette no.29750 dated 22 June 2016, as of 1 January 2018, the Bank has started to allocate provisions for losses following TFRS 9 provisions. 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 TFRS 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." 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 supporting information based on an 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. Under TFRS 9, the bank uses two different default probability values in the calculation of the expected credit loss

Probability of default within 12 months:

Estimation of the default probability within 12 months from the reporting date

The lifetime probability of default: Estimation of the probability of default over the expected life of the financial instrument

Loss Given Default (LGD): It refers to the amount of economic loss when a borrower defaults on a loan. It is expressed as a ratio.

Default Amount (DA): 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 is 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 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.

ADVISORY BOARD REPORT

Advisory Board Report of 31 December 2019

To Al Baraka Türk Participation Bank
Stakeholders,

The rules and contracts with respect to Albaraka Türk Participation Bank's transactions and activities in 2019 have been reviewed. Moreover, the necessary supervision activities were carried out to submit opinions as to compliance with the Islamic Shari'a Rules and Principles and AAOIFI standards.

The Board of Directors is obliged to implement the decisions of the Advisory Board. On the other hand, the Advisory Board is expected to have a good command of all transactions and developments that need to be decided upon. The Advisory Board's responsibility is limited to overseeing the implementation of the decisions taken and Islamic Shari'a Rules and Principles and to express opinions according to the Bank's financial reports.

Our review includes direct and indirect supervision based on certain reports and the documents supporting the relevant supervision activities. This review is conducted through supervision reports containing a sample selected from each type of activity and through documents related to the Bank's operations and procedures.

In 2019, supervision activities were planned and implemented to provide a reasonable assurance that the Bank did not violate the Islamic Shari'a Rules and Principles and to monitor all information and changes required for obtaining sufficient evidence.

In our opinion:

1. The contracts, transactions and operations in 2018 were conducted in accordance with the Islamic Shari'a Rules and Principles.
2. The allocation of profit and charging of losses relating to investment accounts were performed in accordance with the principles approved by the Advisory Board as well as the Islamic Shari'a Rules and Principles.
3. It was observed that the Bank fulfilled its obligation to commit all earnings realized from sources or by means prohibited by the Islamic Shari'a Rules and Principles to Charitable Causes.
4. The Management was requested to correct the transactions and activities that were found to be non-complying.

May Allah's Mercy and Blessings be upon you

Date: 30.01.2020

Members of the Consultancy Council:

Prof. Dr. Abdulsattar Abdulkarim Mohommed
Abughuddah – Chairman

Prof. Dr. Ahmed Mohieldin Ahmed Hassan -
Member

Prof. Dr. Hamdi Döndüren - Member

ALBARAKA TRK KATILIM BANKASI ANONİM ŐİRKETİ

UNCONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT DECEMBER 31, 2019
TOGETHER WITH INDEPENDENT REPORT

*(Convenience translation of the independent report and financial
statements originally issued in Turkish see section three Note I.b)*



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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Albaraka Türk Katılım Bankası A.Ş

Report on the Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Albaraka Türk Katılım Bankası A.Ş. (the "Bank"), which comprise the statement of unconsolidated statement of financial position as at 31 December 2019, unconsolidated statement of profit and loss and unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the unconsolidated financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2019 and financial performance and unconsolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

Basis for Opinion

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

Other Matter

The unconsolidated financial statements of the Bank as at 31 December 2018 was audited by another audit firm, which expressed an unqualified opinion in their report issued on 4 March 2019.

Key Audit Matters

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



Key Audit Matter	How the matter is addressed in our audit
<p><i>Financial impact of IFRS 9 "Financial Instruments" standard and recognition of impairment on financial assets and related important disclosures</i></p>	
<p>We considered the impact of IFRS 9 to the financial statements which outlines the expected credit loss calculations of financial assets as a key audit matter due to:</p> <ul style="list-style-type: none"> - Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements. - There are complex and comprehensive requirements of TFRS 9. - Policies implemented by the Bank management regarding expected credit loss calculation include compliance risk to the regulations and other practices. - New or re-structured processes of TFRS 9 are advanced and complex. - Judgements and estimates used in expected credit loss calculation are new, complex and comprehensive - Disclosure requirements of TFRS 9 are comprehensive and complex. 	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank's past experience, local and global practices. - Reviewing and testing of new or re-structured processes and systems which are used for the calculation of expected credit losses by involving our IT and Process audit specialists. - Evaluating the reasonableness of management's key judgements, estimates and data sources used in expected credit loss calculations considering the standard requirements, sectorial, local and global practices. - Involving financial risk management specialists to assess the appropriateness of definition of significant increase in credit risk, default criteria, modification, probability of default, loss given default, exposure at default and forward looking assumptions together with the significant judgements and estimates used in these calculations to regulations and bank's past performance and evaluating the alignment of those forward looking parameters to Bank's internal processes. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation. - Testing the mathematical accuracy of expected credit loss calculation on sampling basis. - Evaluating the accuracy and the necessity of post-model adjustments.



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

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

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

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

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

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

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

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

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



- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2019 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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



Additional paragraph for convenience translation to English

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

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



Emre Celik, SMMM
Associate Partner

February 10, 2020
İstanbul, Türkiye



**UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019**

Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6
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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
- INDEPENDENT AUDITORS' 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, Banking Regulation and Supervision Agency Regulations, 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.

February 10, 2020

 Adnan Ahmed Yusuf ABDULMALEK Chairman of the Board of Directors	 Melikşah UTKU General Manager	 Mustafa ÇETİN Assistant General Manager	 Kemaleddin DİLBAZ Financial Reporting Manager
 Mustafa BÜYÜKABACI Chairman of the Audit Committee	 Süleyman KALKAN Member of the Audit Committee	 Mehmet ASUTAY Member of the Audit Committee	

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

	Page
Section one	
General information	
I. History of the Bank including its incorporation date, initial legal status and amendments to legal status	116
II. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management and supervision of the Bank and disclosures on related changes in the current year, if any	116
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	117
IV. Information on the Bank's qualified shareholders	117
V. Summary on the Bank's service activities and field of operations	118
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	118
VII. The existing or potential, actual or legal obstacles on immediate transfer of equity or reimbursement of liabilities between the Bank and Its subsidiaries	118
Section two	
The unconsolidated financial statements	
I. Balance sheet (Statement of financial position)	120
II. Statement of off-balance sheet	122
III. Statement of profit or loss	123
IV. Statement of profit or loss and other comprehensive income	124
V. Statement of changes in shareholders' equity	125
VI. Statement of cash flows	127
VII. Statement of profit appropriation	128
Section three	
Accounting policies	
I. Explanations on basis of presentation	129
II. Explanations on strategy of using financial instruments and foreign currency transactions	130
III. Explanations on forward, option contracts and derivative instruments	131
IV. Explanations on profit share income and expenses	131
V. Explanations on fees, commission income and expenses	131
VI. Explanations on financial assets	132
VII. Explanations on expected credit losses	134
VIII. Explanations on offsetting of financial instruments	135
IX. Explanations on sale and repurchase agreements and lending of securities	135
X. Explanations on assets held for sale and discontinued operations and liabilities related to these assets	136
XI. Explanations on goodwill and other intangible assets	136
XII. Explanations on tangible assets	136
XIII. Explanations on leasing transactions	137
XIV. Explanations on provisions and contingent liabilities	138
XV. Explanations on liabilities regarding employee rights	139
XVI. Explanations on taxation	139
XVII. Additional explanations on borrowings	141
XVIII. Explanations on issued share certificates	141
XIX. Explanations on acceptances and availed drafts	141
XX. Explanations on government grants	141
XXI. Explanations on segment reporting	141
XXII. Explanations on investments in associates, subsidiaries and joint ventures	141
XXIII. Explanations on other matters	141

Section four**Information on financial structure and risk management**

I.	Explanations on capital adequacy standard ratio	142
II.	Explanations on credit risk	147
III.	Explanations on risks including countercyclical capital buffer calculation	153
IV.	Explanations on currency risk	153
V.	Explanations on position risk of equity securities in banking book	155
VI.	Explanations on liquidity risk	155
VII.	Explanations on leverage ratio	160
VIII.	Explanations on presentation of financial assets and liabilities at fair value	160
IX.	Explanations regarding the activities carried out on behalf and account of other persons	163
X.	Explanations on risk management	163
XI.	Explanations on business segments	182

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

I.	Explanations and notes related to assets	183
II.	Explanations and notes related to liabilities	204
III.	Explanations and notes related to off-balance sheet	212
IV.	Explanations and notes related to the statement of profit or loss	216
V.	Explanations and notes related to the statements of changes in shareholders' equity	223
VI.	Explanations and notes related to the statement of cash flows	224
VII.	Explanations related to the risk group of the Bank	225
VIII.	Explanations related to domestic, foreign and off-shore branches or investments and foreign representative offices	226
IX.	Explanations related to subsequent events	226
X.	Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification	226

Section six**Independent Auditors' report**

I.	Explanations on independent auditors' report	227
II.	Other notes and explanations prepared by the independent auditors	227

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(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 Turkey 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 Turkey 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 Istanbul and is operating through 228 (December 31, 2018: 229) local branches and 2 (December 31, 2018: 1) foreign branch and with 3.791 (December 31, 2018: 3.988) staff as of December 31, 2019.

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, 2019, 54,06% (December 31, 2018: 54,06%) of the Bank's shares are owned by Albaraka Banking Group located in Bahrain, 7,84% (December 31, 2018: 7,84%) owned by Islamic Development Bank, 25,25% (December 31, 2018: 25,22%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities. As of December 31, 2019, the Bank has completed capital increase through rights issues and additional TL 450.000 has been represented under "other capital reserves" since the new capital has not been registered yet. After the registration, Albaraka Banking Group's share will be 36,29% on the issued capital amounts to TL 1.350.000

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

(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):	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	^(*) 0,0000
Members of BOD:	Osman AKYÜZ	II. Chairman of BOD	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	^(*) 0,0000
	Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	^(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	^(*) 0,0000
	Süleyman KALKAN	Member of BOD	Bachelor	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	-
	Prof. Dr. Mehmet ASUTAY	Member of BOD	Doctorate	-
	Wasim Ahmed ABDULWAHAB ^(**)	Member of BOD	Master	-
	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	-
General Manager:	Melikşah UTKU	Member of BOD/General Manager	Master	-
Assistant General Managers:	Turgut SİMİTÇİOĞLU	Assistant General Manager Responsible for Credit Risks	Master	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance and Strategy	Bachelor	-
	Nevzat BAYRAKTAR	Assistant General Manager Responsible for Sales	Bachelor	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Marketing	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Credits	Master	-
	Volkan Evcil	Assistant General Manager Responsible for Central Operations	Bachelor	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
	Süleyman ÇELİK (Deputy)	Assistant General Manager Responsible for Information Technologies	Bachelor	-
Chief Legal Consultancy	Hasan AVŞAR	Chief Legal Consultant	Bachelor	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Süleyman KALKAN	Member of Audit Committee	Bachelor	-
	Prof. Dr. Mehmet ASUTAY	Member of Audit Committee	Doctorate	-

^(*) The share amounts of these persons are between TL 1-10 (full).

^(**) Resigned on January 22, 2020.

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0000% of the Bank's share capital (December 31, 2018: 0,0000%)

IV. Information on the Bank's qualified shareholders:

The Bank's paid in capital amounting to TL 900.000 consists of 900.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 486.523 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 Banking Group	486.523	54,06% ^(*)	486.523	-

^(*) Shares purchased by the Parent Group from Stock Exchange is not included. Related share rate and paid up shares are valid before the capital increase through rights issues completed in December 2019. Since the capital has not been registered yet, the share rates and paid up shares are represented taking the balance sheet balance (TL 900.000) as reference and base. After the registration, Albaraka Banking Group's share will be 36,29% on the issued capital amounts to TL 1.350.000

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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, Güneş Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Avivasa Emeklilik Hayat, as an insurance agency on behalf of Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim 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.

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 did not consolidate its associate Kredi Garanti Fonu A.Ş. through equity method considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., İnşa Gmbh the subsidiaries of the Bank, through equity method and full consolidation method, respectively. 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". Investment Funds "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu" and other investments funds controlled by the Bank have been consolidated as well. Due to non-financial ownership, "Albaraka Kültür Sanat ve Yayıncılık A.Ş. and Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş." which are the subsidiaries of the Bank have not been consolidated.

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

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

SECTION TWO

The unconsolidated financial statements

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 31, 2019			December 31, 2018		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		5.151.819	12.063.213	17.215.032	3.206.334	10.260.210	13.466.544
1.1 Cash and Cash Equivalents	(1)	2.512.261	10.453.589	12.965.850	1.315.531	9.802.734	11.118.265
1.1.1 Cash and Balances with Central Bank		1.426.702	7.369.207	8.795.909	509.720	5.408.661	5.918.381
1.1.2 Banks		1.102.737	3.084.595	4.187.332	822.685	4.394.362	5.217.047
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		17.178	213	17.391	16.874	289	17.163
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	1.798.852	435.301	2.234.153	1.110.506	6.741	1.117.247
1.2.1 Government Securities		99.148	435.174	534.322	834	-	834
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		1.699.704	127	1.699.831	1.109.672	6.741	1.116.413
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	840.568	1.174.064	2.014.632	778.787	450.735	1.229.522
1.3.1 Government Securities		813.658	1.150.767	1.964.425	708.161	350.353	1.058.514
1.3.2 Equity Securities		15	23.297	23.312	15	13.455	13.470
1.3.3 Other Financial Assets		26.895	-	26.895	70.611	86.927	157.538
1.4 Derivative Financial Assets	(5)	138	259	397	1.510	-	1.510
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		138	259	397	1.510	-	1.510
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		16.998.224	14.745.234	31.743.458	16.594.878	10.208.617	26.803.495
2.1 Loans	(6)	17.019.778	13.617.465	30.637.243	16.796.658	10.265.568	27.062.226
2.2 Lease Receivables	(7)	227.356	16.322	243.678	375.304	4.250	379.554
2.3 Financial Assets Measured at Amortised Cost	(4)	638.021	1.356.298	1.994.319	618.506	-	618.506
2.3.1 Government Securities		638.021	1.296.462	1.934.483	618.506	-	618.506
2.3.2 Other Financial Assets		-	59.836	59.836	-	-	-
2.4 Expected Credit Losses (-)	(6)	886.931	244.851	1.131.782	1.195.590	61.201	1.256.791
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	124.196	284	124.480	648.970	718	649.688
3.1 Asset Held for Resale		124.196	284	124.480	648.970	718	649.688
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	51.837	18.311	70.148	33.837	5.907	39.744
4.1 Associates (Net)		4.897	-	4.897	4.897	-	4.897
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		4.897	-	4.897	4.897	-	4.897
4.2 Subsidiaries (Net)		26.940	18.311	45.251	8.940	5.907	14.847
4.2.1 Unconsolidated Financial Investments in Subsidiaries		5.400	18.311	23.711	5.400	5.907	11.307
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		21.540	-	21.540	3.540	-	3.540
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)	1.496.510	19.905	1.516.415	655.230	219	655.449
VI. INTANGIBLE ASSETS (Net)	(11)	30.535	-	30.535	31.419	-	31.419
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		30.535	-	30.535	31.419	-	31.419
VII. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		45	-	45	3.492	-	3.492
IX. DEFERRED TAX ASSET	(13)	166.390	-	166.390	170.099	-	170.099
X. OTHER ASSETS	(14)	274.713	251.152	525.865	362.058	41.664	403.722
TOTAL ASSETS		24.294.269	27.098.099	51.392.368	21.706.317	20.517.335	42.223.652

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the formats of the financial statements have been changed. Based on this change, the prior year financial statements are reprepared in order to be consistent with the current period financial statements.

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Audited CURRENT PERIOD December 31, 2019			Audited PRIOR PERIOD December 31, 2018		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	14.696.620	25.072.788	39.769.408	11.779.608	16.843.865	28.623.473
II. FUNDS BORROWED	(2)	2.843.246	1.691.379	4.534.625	1.834.328	5.017.765	6.852.093
III. BORROWINGS FROM MONEY MARKETS		18.237	-	18.237	771.957	-	771.957
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(3)	504	345	849	1.545	-	1.545
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		504	345	849	1.545	-	1.545
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(4)	287.755	12.905	300.660	-	-	-
VIII. PROVISIONS	(5)	133.162	1.590	134.752	89.535	736	90.271
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		99.231	-	99.231	73.321	-	73.321
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		33.931	1.590	35.521	16.214	736	16.950
IX. CURRENT TAX LIABILITY	(6)	68.084	4.874	72.958	53.041	3.181	56.222
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)	-	1.375.164	1.375.164	-	1.204.297	1.204.297
12.1 Loans		-	1.375.164	1.375.164	-	1.204.297	1.204.297
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(9)	1.156.348	207.438	1.363.786	1.288.023	74.320	1.362.343
XIV. SHAREHOLDERS' EQUITY	(10)	3.785.896	36.033	3.821.929	3.269.225	(7.774)	3.261.451
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		1.345.134	-	1.345.134	845.976	-	845.976
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		1.345.134	-	1.345.134	845.976	-	845.976
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		243.404	-	243.404	234.708	-	234.708
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		76.661	36.033	112.694	33.270	(7.774)	25.496
14.5 Profit Reserves		1.430.225	-	1.430.225	1.300.967	-	1.300.967
14.5.1 Legal Reserves		136.027	-	136.027	134.082	-	134.082
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.294.198	-	1.294.198	1.166.885	-	1.166.885
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(209.528)	-	(209.528)	(45.696)	-	(45.696)
14.6.1 Prior Years Profit/(Loss)		(272.957)	-	(272.957)	(179.664)	-	(179.664)
14.6.2 Current Year Profit/(Loss)		63.429	-	63.429	133.968	-	133.968
TOTAL LIABILITIES		22.989.852	28.402.516	51.392.368	19.087.262	23.136.390	42.223.652

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the formats of the financial statements have been changed. Based on this change, the prior year financial statements are reprepared in order to be consistent with the current period financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 31, 2019			December 31, 2018		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		6.884.242	5.792.399	12.676.641	6.476.432	5.967.594	12.444.026
I. GUARANTEES AND SURETIES	(1)	5.128.502	5.302.936	10.431.438	4.655.835	5.389.862	10.045.697
1.1. Letters of Guarantees		5.099.099	3.619.295	8.718.394	4.625.551	3.949.014	8.574.565
1.1.1. Guarantees Subject to State Tender Law		697.926	62.581	760.507	569.981	58.456	628.437
1.1.2. Guarantees Given for Foreign Trade Operations		15	835.718	835.733	399	966.333	966.732
1.1.3. Other Letters of Guarantee		4.401.158	2.720.996	7.122.154	4.055.171	2.924.225	6.979.396
1.2. Bank Loans		-	14.463	14.463	-	39.338	39.338
1.2.1. Import Letter of Acceptances		-	14.463	14.463	-	39.338	39.338
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		257	1.329.663	1.329.920	7.980	1.221.635	1.229.615
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		257	1.329.663	1.329.920	7.980	1.221.635	1.229.615
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	339.515	339.515	-	170.661	170.661
1.7. Other Collaterals		29.146	-	29.146	22.304	9.214	31.518
II. COMMITMENTS	(1)	1.722.506	389.607	2.112.113	1.553.305	315.080	1.868.385
2.1. Irrevocable Commitments		1.722.506	389.607	2.112.113	1.553.305	315.080	1.868.385
2.1.1. Asset Purchase and Sale Commitments		47.797	389.607	437.404	161.878	315.080	476.958
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		262.517	-	262.517	215.439	-	215.439
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		631.606	-	631.606	537.673	-	537.673
2.1.7. Tax And Fund Liabilities from Export Commitments		10.381	-	10.381	6.906	-	6.906
2.1.8. Commitments for Credit Card Expenditure Limits		769.342	-	769.342	630.690	-	630.690
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		335	-	335	332	-	332
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		528	-	528	387	-	387
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	33.234	99.856	133.090	267.292	262.652	529.944
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		33.234	99.856	133.090	267.292	262.652	529.944
3.2.1. Forward Foreign Currency Buy/Sell Transactions		33.234	41.953	75.187	27.630	25.097	52.727
3.2.1.1. Forward Foreign Currency Transactions-Buy		27.547	10.149	37.696	27.630	-	27.630
3.2.1.2. Forward Foreign Currency Transactions-Sell		5.687	31.804	37.491	-	25.097	25.097
3.2.2. Other Forward Buy/Sell Transactions		-	57.903	57.903	239.662	237.555	477.217
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		72.616.853	16.137.385	88.754.238	68.732.410	13.762.534	82.494.944
IV. ITEMS HELD IN CUSTODY		3.812.406	3.053.641	6.866.047	2.380.394	2.083.413	4.463.807
4.1. Assets Under Management		1.522.915	-	1.522.915	393.768	-	393.768
4.2. Investment Securities Held in Custody		72	26.320	26.392	72	4.118	4.190
4.3. Cheques Received for Collection		1.480.111	285.800	1.765.911	1.448.653	225.232	1.673.885
4.4. Commercial Notes Received for Collection		543.651	76.306	619.957	494.993	50.417	545.410
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		210.617	341.146	551.763	9.316	356.885	366.201
4.8. Custodians		54.937	2.324.069	2.379.006	33.489	1.446.761	1.480.250
V. PLEDGED ITEMS		68.804.447	13.083.744	81.888.191	66.352.016	11.679.121	78.031.137
5.1. Marketable Securities		10.007.092	3.875.114	13.882.206	10.540.645	3.388.191	13.928.836
5.2. Guarantee Notes		1.223.615	193.710	1.417.325	1.099.082	155.984	1.255.066
5.3. Commodity		3.520.395	1.194.171	4.714.566	2.097.532	926.359	3.023.891
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		51.035.646	5.913.841	56.949.487	49.073.908	5.963.148	55.037.056
5.6. Other Pledged Items		2.763.503	1.898.042	4.661.545	3.307.628	1.240.217	4.547.845
5.7. Pledged Items-Depository		254.196	8.866	263.062	233.221	5.222	238.443
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		79.501.095	21.929.784	101.430.879	75.208.842	19.730.128	94.938.970

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT OR LOSS	Notes (Section Five-IV)	Audited	Audited
		CURRENT PERIOD January 1- December 31, 2019	PRIOR PERIOD January 1- December 31, 2018
I. PROFIT SHARE INCOME	(1)	3.344.284	3.019.738
1.1 Profit Share on Loans		2.978.582	2.651.251
1.2 Income Received from Reserve Deposits		51.897	58.557
1.3 Income Received from Banks		2.273	1.940
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		287.680	235.414
1.5.1 Financial Assets at Fair Value Through Profit and Loss		5.612	834
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		173.487	146.963
1.5.3 Financial Assets Measured at Amortised Cost		108.581	87.617
1.6 Finance Lease Income		20.202	70.404
1.7 Other Profit Share Income		3.650	2.172
II. PROFIT SHARE EXPENSE	(2)	2.521.054	2.000.179
2.1 Expense on Profit Sharing Accounts		1.601.892	1.337.809
2.2 Profit Share Expense on Funds Borrowed		749.442	552.653
2.3 Profit Share Expense on Money Market Borrowings		103.162	103.864
2.4 Profit Share Expense on Securities Issued		-	-
2.5 Finance Lease Expense		59.485	-
2.6 Other Profit Share Expense		7.073	5.853
III. NET PROFIT SHARE INCOME (I – II)		823.230	1.019.559
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		299.829	198.153
4.1 Fees and Commissions Received		395.485	293.170
4.1.1 Non-Cash Loans		123.572	114.573
4.1.2 Other	(3)	271.913	178.597
4.2 Fees and Commissions Paid (-)		95.656	95.017
4.2.1 Non-Cash Loans		431	420
4.2.2 Other	(3)	95.225	94.597
V. DIVIDEND INCOME	(4)	-	177
VI. TRADING INCOME/LOSS(net)	(5)	323.709	358.815
6.1 Capital Market Transaction Income/(Loss)		162.177	49.441
6.2 Profit/(Loss) from Derivative Financial Instruments		(21.992)	(26.231)
6.3 Foreign Exchange Income/(Loss)		183.524	335.605
VII. OTHER OPERATING INCOME	(6)	543.084	360.618
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.989.852	1.937.322
IX. EXPECTED CREDIT LOSS (-)	(7)	773.996	607.836
X. OTHER PROVISION EXPENSES (-)		16.411	2.690
XI. PERSONNEL EXPENSES (-)		667.274	535.985
XII. OTHER OPERATING EXPENSES (-)	(8)	444.878	622.316
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		87.293	168.495
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)	87.293	168.495
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	23.864	34.527
18.1 Provision for Current Taxes		4.722	3.071
18.2 Deferred Tax Expense Effect (+)		220.539	171.354
18.3 Deferred Tax Income Effect (-)		201.397	139.898
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(11)	63.429	133.968
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)	63.429	133.968
Earnings Per Share		0,07	0,15

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the formats of the financial statements have been changed. Based on this change, the prior year financial statements are reprepared in order to be consistent with the current period financial statements.

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited	Audited
	CURRENT PERIOD January 1- December 31, 2019	PRIOR PERIOD January 1- December 31, 2018
I. CURRENT PERIOD PROFIT/LOSS	63.429	133.968
II. OTHER COMPREHENSIVE INCOME	95.894	35.205
Other Income/Expense Items not to be Recycled to Profit or Loss		
2.1 Loss	8.696	11.512
2.1.1 Revaluation Surplus on Tangible Assets	31.588	26.779
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(13.716)	(2.892)
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	(6.497)	(7.655)
Deferred Taxes on Other Comprehensive Income not to be		
2.1.5 Recycled to Profit or Loss	(2.679)	(4.720)
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	87.198	23.693
2.2.1 Translation Differences	15.949	36.000
Income/Expenses from Valuation and/or Reclassification of		
Financial Assets Measured at Financial Assets Measured at Fair		
2.2.2 Value through Other Comprehensive Income	91.345	(15.778)
2.2.3 Gains/losses from Cash Flow Hedges	-	-
Gains/Losses on Hedges of Net Investments in Foreign		
2.2.4 Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
Deferred Taxes on Other Comprehensive Income to be Recycled		
2.2.6 to Profit or Loss	(20.096)	3.471
III. TOTAL COMPREHENSIVE INCOME (I+II)	159.323	169.173

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)																
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves ⁽¹⁾	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items Recycled to Profit or Loss			Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity	
						1	2	3	4	5	6					
CURRENT PERIOD (January 1 – December 31, 2019)																
I.	Closing balance	(V)	900.000	-	-	845.976	251.889	(17.181)	-	56.689	(31.193)	-	1.300.967	(179.664)	133.968	3.261.451 (17.304)
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balances at Beginning of Period (I+II)		900.000	-	-	845.976	251.889	(17.181)	-	56.689	(31.193)	-	1.300.967	(196.968)	133.968	3.244.147
IV.	Total Comprehensive Income		-	-	-	-	19.021	(10.325)	-	15.949	71.249	-	-	-	63.429	159.323
V.	Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	464.855
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		-	-	-	34.303	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	(130)	(80.569) ^(**)	-	(133.968)	(46.396)
11.1	Dividends		-	-	-	-	-	-	-	-	-	129.388	4.580	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	129.388	-	(129.388)	-	-
Balances at end of the period (III+IV...+X+XI)																
			900.000	-	-	1.345.134	270.910	(27.506)	-	72.638	40.056	-	1.430.225	(272.957)	63.429	3.821.929

^(*) The bank has recognized unmaturred 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 112.284 in February 2019 and August 2019, the coupon payment amount of unmaturred additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 25.746, the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

^(***) Under "other capital reserves" the Bank has represented TL 450.000, the amount related to capital increase through rights issues which is completed but not registered as of December 2019 and premium on issued shares amount to TL 14.855

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, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)															
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Current Period's Net Profit/Loss	Total Shareholders' Equity		
						1	2	3	4	5	6				
PRIOR PERIOD (January 1 – December 31, 2018)															
I. Closing balance	(V)	900.000	-	-	431	-	-	-	20.689	(18.886)	-	1.113.454	5.529 (152.480) ⁽¹⁾	237.093	2.481.506 (152.480)
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)		900.000	-	-	431	-	-	-	20.689	(18.886) (12.307)	-	1.113.454	(146.951)	237.093	2.329.026
IV. Total Comprehensive Income		-	-	-	-	-	-	-	36.000	-	-	-	-	133.968	169.173
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	775.720 ⁽²⁾	-	-	-	-	-	-	-	-	-	775.720
X. Others Changes		-	-	-	69.825	-	-	-	-	-	-	-	-	-	32.532
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	(45.000)
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	237.093	(237.093)	-
Balances at end of the period (III+IV...+X+XI)		900.000	-	-	845.976	-	-	-	56.689	(31.193)	-	1.300.967	(179.664)	133.968	3.261.451

(*) Includes deferred tax asset for general provisions arising from equity and banks shares amounting to TL 64.991 recognized under shareholders' equity for TFRS 9 adjustment.

(**) The bank has recognized unmatured additional tier 1 capital amounting to USD 205.000.000 which is issued through "Beretket One Ltd" under "other capital reserves as per "TAS 32: "Financial Instruments. Presentation" standart.

(***) The Bank has paid TL 60.051 in August 2018, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss".

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 CASH FLOWS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Audited CURRENT PERIOD January 1 - December 31, 2019	Audited PRIOR PERIOD January 1 - December 31, 2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		1.669.570	627.473
1.1.1 Profit Share Income Received		3.064.507	2.729.673
1.1.2 Profit Share Expense Paid		(1.627.649)	(1.294.030)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		271.913	178.597
1.1.5 Other Income		276.949	199.466
1.1.6 Collections from Previously Written Off Loans	(V-I-6,h2)	375.756	470.048
1.1.7 Payments to Personnel and Service Suppliers		(818.563)	(754.081)
1.1.8 Taxes Paid		(48.849)	(81.513)
1.1.9 Others	(V-VI-3)	175.506	(820.687)
1.2 Changes In Operating Assets And Liabilities		3.792.464	2.425.533
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(981.152)	(80.279)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(1.880.278)	(3.745.587)
1.2.3 Net (Increase) Decrease in Loans		(3.888.029)	416.434
1.2.4 Net (Increase) Decrease in Other Assets		(85.738)	1.895.807
1.2.5 Net Increase (Decrease) in Bank Deposits		617.972	(49.134)
1.2.6 Net Increase (Decrease) in Other Deposits		9.642.797	3.504.846
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)	366.892	483.446
I. Net Cash Flow From Banking Operations		5.462.034	3.053.006
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(1.768.972)	57.933
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(30.404)	(9.447)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(37.978)	(59.162)
2.4 Disposals of Property and Equipment		133.491	73.252
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(3.402.388)	(2.315.527)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.875.207	2.414.450
2.7 Purchase of Financial Assets Measured at Amortised Cost	(V-I-4)	(1.498.768)	(187.962)
2.8 Sale of Financial Assets Measured at Amortised Cost	(V-I-4)	191.868	142.329
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		(3.854.988)	817.503
3.1 Cash Obtained from Funds Borrowed and Securities Issued		22.571.042	18.562.916
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(26.696.471)	(18.416.082)
3.3 Issued Capital Instruments		464.855	-
3.4 Dividends Paid		-	(45.000)
3.5 Leases Paid ^(*)		(82.130)	-
3.6 Other		(112.284)	715.669
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	235.821	290.406
V. Net (Decrease) Increase in Cash and Cash Equivalents		73.895	4.218.848
VI. Cash and Cash Equivalents at the Beginning of the Period	(V-VI-a)	7.108.571	2.889.723
VII. Cash and Cash Equivalents at the End of the Period	(V-VI-b)	7.182.466	7.108.571

^(*) As of December 31, 2019, it includes the payments related to the leases recognized in the financial statements within the scope of "IFRS 16 - Leases", which is applied as of January 1, 2019.

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT APPROPRIATION	Audited	Audited
	CURRENT PERIOD December 31, 2019	PRIOR PERIOD December 31, 2018
I. Distribution of current year income		
1.1. Current year income	87.293	168.495
1.2. Taxes and duties payable (-)	23.864	34.527
1.2.1. Corporate tax (Income tax)	4.722	3.071
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities ^(*)	19.142	31.456
A. Net income for the year (1.1-1.2)	63.429	133.968
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	6.698
1.5. Other statutory reserves (-)	-	4.580
B. Distributable net period income [(A-(1.3+1.4+1.5))] ^(**)	63.429	122.690
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	-	122.690
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)	0,070	0,136
3.2. To owners of ordinary shares (%)	7,05	13,63
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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION THREE

Accounting Policies

I. Explanations on basis of presentation:

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

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). 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.

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 TAS and TFRS.

The Bank has started to apply TFRS 16 Leases standard ("TFRS 16") published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the accompanying financial statements from 1 January 2019.

Reclassifications of TFRS 16

Reclassifications and remeasurements during the first time application of TFRS 16 Leases Standard dated 1 January 2019 are presented in the below table.

	Note	31.12.2018	TFRS 16 Reclassification Effect	TFRS 16 Transition Effect	01.01.2019
Tangible Assets (Net)	(1), (2)	655.449	1.656	286.124	943.229
Other Assets (Net)	(2)	403.722	(1.656)	-	402.066
Lease Payables (Net)	(1), (3)	-	-	286.124	286.124

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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

I. Explanations on basis of presentation (continued):

(1) In accordance with TFRS 16, the Bank recognised a lease liability and a right-of-use asset amounting to TL 286.124 as of 1 January 2019 for leases previously classified as operating lease applying TAS 17.

(2) In accordance with TFRS 16, the Bank recognised prepaid rent payments amounting to TL 1.656 under tangible assets as right-of-use which were previously classified under other assets.

(3) As of 1 January 2019, the weighted average of the alternative borrowing rates applied to TL, EUR and USD lease liabilities presented in the statement of financial position of the Bank are 23%, 5% and 5% respectively.

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.

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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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.

The liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contract values. The derivative transactions are initially recognized at fair value and presented in the financial statements at fair values recalculated in the subsequent reporting periods.

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". Negative ones are represented under "Expected Credit Losses" account.

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 TAS and 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 income statement.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on financial assets (continued):

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.

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 except 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on financial assets (continued):

Loans (continued):

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 31 December 2017, 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.

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. These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. Explanations on expected credit losses (continued):

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 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 (In this case, default status starts on the 91st day.)
- Loans classified as "performing loans" after restructuring and 30 days overdue in one year observation period (In this case, default status starts on the 31st day) (As per the correspondence of BRSA, dated November 21, 2019 and decision dated November 8, 2019 numbered 8653, observation period will be six months until December 31,2020)
- Loans classified as "performing loans" after restructuring and restructuring at least one more time in one year observation period. (As per the correspondence of BRSA, dated November 21, 2019 and decision dated November 8, 2019 numbered 8653, observation period will be six months until December 31,2020)

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

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

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

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

XII. Explanations on tangible assets:

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

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, 2019, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

XII. Explanations on tangible assets (continued):

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.

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. The Bank has not adjusted its prior periods’ financial statements for TFRS 16.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

XIII. Explanations on leasing transactions (continued):

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.

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

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 general and specific provisions for impairment on loans, are accounted in accordance with TAS 37: "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets". Provisions are recognized when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the cut-off principle. A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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 Turkey, 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, 2019, there is an actuarial loss amounts to TL 35.264 before deferred tax calculation (December 31, 2018: TL 21.548 actuarial loss).

Provision for the employees' unused vacations has 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.

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 Turkey.

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

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

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

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

In accordance with the 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

XVI. Explanations on taxation (continued):

Current tax (continued):

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

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.

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. According to a change in Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, Article 91, Corporate Tax has been increased to 22% from 20% in order to be applied to the profits of the institutions for the taxation periods of 2018, 2019 and 2020. The Bank calculates deferred taxes using related ratios considering the realization period of the temporary differences.

Transfer pricing:

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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.

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:

Unmatured 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:

The Bank has completed capital increase through rights issues in December 2019. As of December 31, 2019 the capital has not been registered and the added amount (TL 450.000) has been represented under "Other Capital Reserves" on the balance sheet.

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.

XXI. Explanations on segment reporting:

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

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:

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the financial statements formats have been rearranged. Based on this amendment, the prior year financial statements have been restated in order to be comparable with the current period financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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

SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on capital adequacy standard ratio:

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of December 31, 2019, the Bank’s total capital has been calculated as TL 5.135.259 and capital adequacy standard ratio is 14,97%. As of December 31, 2018, Bank’s total capital amounted to TL 4.713.984 and capital adequacy ratio was 14,66%. The Bank’s capital adequacy standard ratio is above the minimum ratio required by the legislation.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

a. Information on capital:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	900.000	900.000
Share issue premiums	-	-
Reserves	1.157.268	1.121.303
Gains recognized in equity as per TAS	953.018	378.834
Profit	63.429	133.968
Current Period Profit	63.429	133.968
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	3.073.715	2.534.105
Deductions from Common Equity Tier 1 Capital	-	-
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	27.506	48.374
Improvement costs for operating leasing	24.273	23.998
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	28.674	29.613
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	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 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	191.904	101.985
Total Common Equity Tier 1 Capital	2.881.811	2.432.120

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

a. Information on capital (continued):

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	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)	3.657.531	3.207.840
TIER II CAPITAL	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	1.362.486	1.193.054
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	116.745	315.773
Tier II Capital Before Deductions	1.479.231	1.508.827
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	1.491
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	-	1.491
Total Tier II Capital	1.479.231	1.507.336
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.136.762	4.715.176
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	1.503	1.192

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

a. Information on capital (continued):

	Current Period	Prior Period
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (Total Core Capital and Supplementary Capital)	5.135.259	4.713.984
Total risk weighted amounts	34.299.071	32.150.785
Capital Adequacy Ratios	-	-
Core Capital Adequacy Ratio (%)	8,40	7,56
Tier 1 Capital Adequacy Ratio (%)	10,66	9,98
Capital Adequacy Ratio (%)	14,97	14,66
BUFFERS	-	-
The total additional capital requirement ratio (a + b + c)	2,50	1,88
a) Capital conservation buffer requirement (%)	2,50	1,88
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 (%)	3,90	3,06
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	231.614	203.784
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	116.745	315.773
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	116.745	315.773
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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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 1.362.486	TL 775.720 ^(*)
Par Value of Instrument	TL 1.362.486	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, 2020 Total Repayment Amount of Profit Share: USD 131.250.000, 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: 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	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
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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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 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 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 VII. No. "Explanations on expected credit loss provisions".

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on credit risk (continued):

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

Risk Categories	Current Period Risk Amount	Average Risk Amount^(*)
Receivables from central governments or central banks	9.765.536	6.836.635
Receivables from regional or local governments	99.368	16.649
Receivables from administrative units and non-commercial enterprises	111.062	73.887
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	5.182.630	5.376.801
Receivables from corporates	16.802.564	15.942.766
Retail receivables	5.358.754	5.144.519
Receivables secured by mortgages on property	2.868.084	3.093.700
Past due receivables	703.682	577.586
Receivables defined in high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	4.907	5.952
Other receivables	3.777.428	3.622.586
Equity share investments	89.421	70.604
TOTAL^(*)	44.763.436	40.761.685

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

- (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 inquiries (economic, cyclical, etc.) are carried out during the allocation and revision of such credit lines.

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

- (6) Share of cash receivables of the Bank from its top 100 and top 200 cash loan customers in total cash loans is 53% (December 31, 2018: 51%) and 62% (December 31, 2018: 60%) 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 45% (December 31, 2018: 49%) and 56% (December 31, 2018: 60%) 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 44% (December 31, 2018: 44%) and 51% (December 31, 2018: 53%) respectively.

- (7) The Bank's expected credit loss amount for its credit risk (Stage 1 and 2) is TL 202.542 (December 31, 2018: TL 380.469).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on credit risk (continued):

(8) Profile on significant risks in significant regions:

	Risk Categories ^(*)												
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Current Period													
Domestic	9.705.244	99.368	111.062	-	2.013.588	15.603.637	5.317.384	2.840.508	689.469	4.907	3.723.623	51.451	40.160.241
EU Countries	-	-	-	-	845.825	139.495	11.570	3.664	10	-	-	18.587	1.019.151
OECD Countries ^(**)	-	-	-	-	95.442	-	7	-	-	-	-	-	95.449
Off-shore banking regions	-	-	-	-	635.547	358.369	17.062	3.951	12.672	-	-	-	1.027.601
USA, Canada	-	-	-	-	1.104.422	74.973	1.380	-	-	-	-	15.293	1.196.068
Other countries	60.292	-	-	-	487.806	626.090	11.351	19.961	1.531	-	53.805	4.090	1.264.926
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	9.765.536	99.368	111.062	-	5.182.630	16.802.564	5.358.754	2.868.084	703.682	4.907	3.777.428	89.421	44.763.436
Prior Period													
Domestic	4.968.121	15	128.684	-	4.354.284	15.497.343	5.124.553	2.679.305	584.938	-	3.604.539	15	36.941.797
EU Countries	-	-	-	-	369.830	127.934	1.851	1.858	935	-	18.740	9.812	530.960
OECD Countries ^(**)	-	-	-	-	12.479	-	14	38	-	-	-	-	12.531
Off-shore banking regions	-	-	-	-	20.631	86.504	14.182	3.215	11.743	-	-	-	136.275
USA, Canada	-	-	-	-	419.403	98.620	666	-	-	-	-	-	518.689
Other countries	-	-	-	-	558.835	464.945	9.397	83.021	1.888	-	-	3.643	1.121.729
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	39.744	39.744
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	4.968.121	15	128.684	-	5.735.462	16.275.346	5.150.663	2.767.437	599.504	-	3.623.279	53.214	39.301.725

^(*) 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 | 8- | Receivables secured by mortgages on property |
| 2- | Receivables from regional or local governments | 9- | Past due receivables |
| 3- | Receivables from administrative units and non-commercial enterprises | 10- | Investments as collective investment enterprises |
| 4- | Receivables from multilateral development banks | 11- | Other receivables |
| 5- | Receivables from banks and brokerage houses | 12- | Equity share investments |
| 6- | Receivables from corporates | | |
| 7- | Retail receivables | | |

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on credit risk (continued):

Risk Profile according to sectors and counterparties:

Sectors / Counterparties		Risk Categories												Total		
		1	2	3	4	5	6	7	8	9	10	11	12		TL	FC
1	Agriculture	-	-	-	-	-	43.819	91.792	59.668	15.240	-	-	-	160.939	49.580	210.519
1.1	Farming and stockbreeding	-	-	-	-	-	42.833	53.152	36.259	14.677	-	-	-	102.751	44.170	146.921
1.2	Forestry	-	-	-	-	-	729	29.870	23.289	561	-	-	-	53.742	707	54.449
1.3	Fishery	-	-	-	-	-	257	8.770	120	2	-	-	-	4.446	4.703	9.149
2	Manufacturing	-	1.101	-	-	-	5.579.025	1.483.899	722.661	250.783	-	-	-	3.064.169	4.973.300	8.037.469
2.1	Mining	-	-	-	-	-	56.043	42.501	17.362	2.843	-	-	-	50.280	68.469	118.749
2.2	Production	-	-	204	-	-	4.375.258	1.365.965	607.146	154.839	-	-	-	2.682.545	3.820.867	6.503.412
2.3	Electricity, gas, water	-	-	897	-	-	1.147.724	75.433	98.153	93.101	-	-	-	331.344	1.083.964	1.415.308
3	Construction	-	1	-	-	-	2.372.334	555.845	514.831	155.988	-	-	-	2.164.019	1.434.980	3.598.999
4	Services	9.764.741	-	109.764	-	5.182.547	8.459.639	2.102.536	1.352.086	261.903	4.907	556.325	89.421	10.457.517	17.426.352	27.883.869
4.1	Wholesale and retail trade	-	-	12	-	-	2.378.946	1.408.026	512.674	150.327	-	-	-	2.734.276	1.715.709	4.449.985
4.2	Hotel, food and beverage services	-	-	-	-	-	326.074	83.264	74.303	29.369	-	-	-	208.783	304.227	513.010
4.3	Transportation and telecommunication	-	-	-	-	-	532.223	211.485	50.531	43.210	-	-	-	312.587	524.862	837.449
4.4	Financial institutions	9.764.741	-	-	-	5.173.646	411.424	15.481	18.389	50	4.907	-	62.881	3.962.904	11.488.615	15.451.519
4.5	Real estate and renting services	-	-	19	-	8.901	4.511.905	161.263	523.167	18.222	-	556.325	18.000	2.687.837	3.109.965	5.797.802
4.6	Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7	Education services	-	-	98.197	-	-	3.527	21.395	76.015	4.584	-	-	-	113.764	89.954	203.718
4.8	Health and social services	-	-	11.536	-	-	295.540	201.622	97.007	16.141	-	-	8.540	437.366	193.020	630.386
5	Other	795	99.368	196	-	83	347.747	1.124.682	218.838	19.768	-	3.221.103	-	3.851.052	1.181.528	5.032.580
6	Total	9.765.536	99.368	111.062	-	5.182.630	16.802.564	5.358.754	2.868.084	703.682	4.907	3.777.428	89.421	19.697.696	25.065.740	44.763.436
		8- Receivables secured by mortgages on property														
		9- Past due receivables														
		10- Investments as collective investment enterprises														
		11- Other receivable														
		12- Equity share investments														
		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														

- 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
11- Other receivable
12- Equity share investments

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on credit risk (continued):

Distribution of risks with term structure according to remaining maturities:

	Risk Categories	Time to Maturity				
		1 month	1–3 months	3–6 months	6–12 months	1 year and over
1	Receivables from central governments or central banks	59.836	104.107	641.118	399.120	2.755.109
2	Receivables from regional or local governments	-	-	-	-	99.329
3	Receivables from administrative units and non-commercial enterprises	2	3.389	359	920	106.291
4	Receivables from multilateral development banks	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-
6	Receivables from banks and brokerage houses	116.052	-	69.873	8.697	794.692
7	Receivables from corporates	1.069.550	858.366	1.587.236	2.304.614	10.632.733
8	Retail receivables	204.561	352.851	610.223	1.021.169	3.161.002
9	Receivables secured by mortgages on property	174.599	262.992	182.131	388.957	1.735.308
10	Past due receivables	-	-	-	-	-
11	Receivables defined in high risk category by BRSA	-	-	-	-	-
12	Securities collateralized by mortgages	-	-	-	-	-
13	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14	Investments similar to collective investment funds	-	-	-	-	-
15	Other receivables	-	-	-	-	2.076
16	Equity share investments	-	-	-	-	-
17	TOTAL	1.624.600	1.581.705	3.090.940	4.123.477	19.286.540

- (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. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

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:

											Deductions from Shareholders' Equity
	Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	
1	Amount before credit risk mitigation	8.597.545	-	3.693.085	446.527	6.125.538	5.358.754	20.297.053	244.934	-	54.450
2	Amount after credit risk mitigation	9.189.252	-	3.907.636	442.376	6.320.591	4.846.640	19.813.024	243.917	-	54.450

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on credit risk (continued):

(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 31 December 2019, 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.

As of December 31, 2019, 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)		Provisions for Credit Losses (TFRS 9)
	Significant increase in credit risk (Stage 2)	Default (Stage 3)	
1 Agriculture	12.383	14.758	5.097
1.1 Farming and stockbreeding	8.736	9.732	3.387
1.2 Forestry	3.647	5.023	1.707
1.3 Fishery	-	3	3
2 Manufacturing	2.461.319	1.234.814	564.182
2.1 Mining	6.235	9.415	3.074
2.2 Production	2.189.347	1.220.357	537.831
2.3 Electricity, gas, water	265.737	5.042	23.277
3 Construction	720.302	553.840	302.035
4 Services	249.798	355.929	139.882
4.1 Wholesale and retail trade	78.866	186.965	61.853
4.2 Hotel, food and beverage services	107.195	35.666	13.543
4.3 Transportation and telecommunication	12.410	64.880	29.740
4.4 Financial institutions	174	11.705	4.481
4.5 Real estate and renting services	1.860	29.709	19.353
4.6 Self-employment services	16.456	1.992	1.280
4.7 Education services	-	7.995	715
4.8 Health and social services	32.837	17.017	8.917
5 Other	221.253	62.382	20.528
6 Total	3.665.055	2.221.723	1.031.724

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on credit risk (continued):

(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	893.485	633.455	(638.779)(**)	58.470	946.631
2. Stage 1 and 2 Provisions	363.306	72.858	(251.051)	38	185.151

(*) Determined according to currency differences.

(**) Includes reversal of provisions related to write off amounts to TL 441.418.

Prior Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Specific Provisions	705.262	422.299	(374.452)(**)	140.376	893.485
2. General Provisions	329.928	160.195	(128.324)	1.507	363.306

(*) Determined according to currency differences.

(**) Includes credit provisions amount to TL 242.105 assigned from non performing portfolio to asset management companies.

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
Turkey	20.954.690	1.702.462	22.657.152
Iraq	502.478	-	502.478
Malta	120.859	-	120.859
Marshall Islands	103.054	-	103.054
Georgia	96.302	-	96.302
United States of America	75.954	-	75.954
Panama	17.829	-	17.829
Romania	10.312	-	10.312
Italy	9.074	-	9.074
Other	35.413	-	35.413

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, 2019 - Balance sheet evaluation rate	5,928	6,658
As of December 30, 2019	5,920	6,627
As of December 27, 2019	5,937	6,622
As of December 26, 2019	5,913	6,560
As of December 25, 2019	5,915	6,562
As of December 24, 2019	5,929	6,568

- 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 5,664 for 1 USD (December 2018: TL 5,293), TL 6,337 for 1 EUR (December 2018: TL 6,023).The Bank is mainly exposed to EUR and USD currency risks.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

IV. Explanations on currency risk (continued):

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 Turkey	1.947.732	4.061.727	1.359.748	7.369.207
Banks	1.013.440	1.422.616	648.539	3.084.595
Financial assets at fair value through profit and loss ^(**)	-	383	435.177	435.560
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	166.840	1.003.586	3.638	1.174.064
Loans and financial lease receivables ^(***)	4.955.861	10.276.953	311.036	15.543.850
Subsidiaries, associates and joint ventures	18.311	-	-	18.311
Financial Assets Measured at Amortised Cost	641.117	715.181	-	1.356.298
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	19.905	19.905
Intangible assets	-	-	-	-
Other assets ^(****)	4.911	245.911	1.992	252.814
Total assets	8.748.212	17.726.357	2.780.035	29.254.604
Liabilities				
Current account and funds collected from banks via participation accounts	1.445.426	537.826	5.043	1.988.295
Other current and profit sharing accounts	6.497.324	14.214.936	2.372.233	23.084.493
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	575.980	2.490.562	1	3.066.543
Marketable securities issued	-	-	-	-
Miscellaneous payables	60.858	139.696	6.884	207.438
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	160	14.433	5.121	19.714
Total liabilities	8.579.748	17.397.453	2.389.282	28.366.483
Net balance sheet position	168.464	328.904	390.753	888.121
Net off balance sheet position	(122.274)	61.052	9.191	(52.031)
Derivative financial instruments assets ^(*****)	34.622	163.856	20.238	218.716
Derivative financial instruments liabilities ^(*****)	156.896	102.804	11.047	270.747
Non-cash loans ^(*****)	2.052.218	3.212.326	38.392	5.302.936
Prior Period				
Total assets	7.049.235	15.797.918	1.555.938	24.403.091
Total liabilities	6.944.541	14.687.502	1.512.121	23.144.164
Net balance sheet position	104.694	1.110.416	43.817	1.258.927
Net off balance sheet position	(76.683)	187.681	(22.448)	88.550
Derivative financial instruments assets	19.925	304.028	9.188	333.141
Derivative financial instruments liabilities	96.608	116.347	31.636	244.591
Non-cash loans ^(*****)	1.741.130	3.579.066	69.666	5.389.862

(*) TL 1.324.944 (December 31, 2018: TL 1.010.111) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 425.089 (December 31, 2018: TL 408.766) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 2.192.902 (December 31, 2018: TL 1.421.400) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) Derivative financial instruments are included.

(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 2.154.914 (December 31, 2018: TL 3.883.893).

(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 1.591 (December 31, 2018: TL 1.863) is included in other assets.

(***** In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 174.881 (December 31, 2018: TL 95.585) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 214.726 (December 31, 2018: TL 219.495).

(***** Does not have any effect on the net off-balance sheet position.

Other issues related to currency risk:

Since the bank has issued unmatured 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

V. Explanations on position risk of equity securities in banking book:

The Bank does not have any associate and subsidiary quoted at Borsa İstanbul. “Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu” and “Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu” which are managed and founded by Albaraka Portföy Yönetimi A.Ş. are traded in Borsa İstanbul under qualified trading market. Albaraka Portföy Yönetimi A.Ş. is the subsidiary of the Bank.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on liquidity risk (continued):

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 ^(*)	
	Current Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			10.362.609	8.519.572
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	22.434.687	13.521.060	2.030.562	1.352.106
3	Stable Funds Collected				
		4.258.141	-	212.907	-
4	Less stable Funds Collected	18.176.546	13.521.060	1.817.655	1.352.106
5	Unsecured Funding other than Retail and Small Business Customers Deposits	11.568.250	7.688.398	6.398.280	3.667.792
6	Operational Funds Collected	697.455	686.535	174.364	171.634
7	Non-Operational Funds Collected	3.950.171	2.715.661	2.090.513	1.494.971
8	Other Unsecured Funding	6.920.624	4.286.202	4.133.403	2.001.187
9	Secured funding			-	-
10	Other Cash Outflows	1.769.412	1.694.474	1.769.412	1.694.474
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.769.412	1.694.474	1.769.412	1.694.474
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	10.266.986	4.850.497	915.200	540.801
16	TOTAL CASH OUTFLOWS			11.113.454	7.255.173
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.057.104	4.316.347	5.644.882	3.729.918
19	Other contractual cash inflows	1.783.382	1.211.276	1.783.382	1.211.276
20	TOTAL CASH INFLOWS	8.840.486	5.527.623	7.428.264	4.941.194
				Üst Sınır Uygulanmış değerler	
21	TOTAL HQLA			10.362.609	8.519.572
22	TOTAL NET CASH OUTFLOWS			3.685.190	2.313.979
23	Liquidity Coverage Ratio (%)			281,20	368,18

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

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	184,21	244,04
Date	November 1, 2019	October 18, 2019
Highest	427,04	543,73
Date	October 18, 2019	December 17, 2019
Average	281,20	368,18

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
	Prior period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			5.970.290	4.591.891
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	17.431.572	9.462.443	1.569.097	946.244
3	Stable Funds Collected	3.481.210	-	174.061	-
4	Less stable Funds Collected	13.950.362	9.462.443	1.395.036	946.244
5	Unsecured Funding other than Retail and Small Business Customers Deposits	8.379.233	5.840.812	5.042.445	3.321.592
6	Operational Funds Collected	507.248	498.580	126.812	124.645
7	Non-Operational Funds Collected	3.098.561	2.103.145	1.723.776	1.266.782
8	Other Unsecured Funding	4.773.424	3.239.087	3.191.857	1.930.165
9	Secured funding			-	-
10	Other Cash Outflows	1.976.996	1.458.469	1.976.996	1.458.469
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.976.996	1.458.469	1.976.996	1.458.469
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	10.802.744	5.093.308	933.539	532.482
16	TOTAL CASH OUTFLOWS			9.522.077	6.258.787
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	6.408.350	4.162.020	5.408.353	3.850.492
19	Other contractual cash inflows	2.057.731	1.907.038	2.057.731	1.907.038
20	TOTAL CASH INFLOWS	8.466.081	6.069.058	7.466.084	5.757.530
				Upper limit applied amounts	
21	TOTAL HQLA			5.970.290	4.591.891
22	TOTAL NET CASH OUTFLOWS			2.380.519	1.564.697
23	Liquidity Coverage Ratio (%)			250,80	293,47

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

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2018 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	246,14	195,23
Date	October 31, 2018	November 4, 2018
Highest	395,02	304,40
Date	December 31, 2018	December 31, 2018
Average	250,80	293,47

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio (continued):

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 7,90% cash, 55,13% deposits in central banks and 36,97% 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 87,03% funds collected, 12,97% 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on liquidity risk (continued):

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 Turkey	4.173.150	4.622.759	-	-	-	-	-	8.795.909
Banks	3.032.978	1.024.446	112.517	-	-	-	-	4.169.941
Financial Assets at Fair Value Through Profit and Loss ^(*)	733.753	663	2.131	48.603	495.950	953.450	-	2.234.550
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	28.219	4.489	158.004	249.294	1.574.626	-	-	2.014.632
Loans ^(**)	-	3.055.114	1.487.050	7.163.233	14.411.301	2.357.349	1.275.092	29.749.139
Financial Assets Measured at Amortised Cost	-	60.797	37.515	820.971	1.075.036	-	-	1.994.319
Other Assets	-	-	1.122	10.048	102.372	212.137	2.108.199	2.433.878
Total Assets	7.968.100	8.768.268	1.798.339	8.292.149	17.659.285	3.522.936	3.383.291	51.392.368
Liabilities								
Current account and funds collected from banks via participation accounts	794.319	534.434	666.857	-	-	-	-	1.995.610
Other current and profit sharing accounts	13.107.655	18.721.821	4.304.972	1.613.039	26.311	-	-	37.773.798
Funds provided from other financial institutions and subordinated loans	-	1.930.528	1.451.588	835.789	329.398	1.362.486	-	5.909.789
Money Market Borrowings	-	18.237	-	-	-	-	-	18.237
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	313.161	48.796	26.010	-	-	975.819	1.363.786
Other liabilities	775.720	-	128	6.163	81.724	199.740	3.267.673	4.331.148
Total Liabilities	14.677.694	21.518.181	6.472.341	2.481.001	437.433	1.562.226	4.243.492	51.392.368
Net Liquidity Gap	(6.709.594)	(12.749.913)	(4.674.002)	5.811.148	17.221.852	1.960.710	(860.201)	-
Net Off-balance sheet								
Position	-	113	(108)	243	-	-	-	248
Financial Derivative Assets	-	34.764	8.644	23.261	-	-	-	66.669
Financial Derivative Liabilities	-	34.651	8.752	23.018	-	-	-	66.421
Non-cash Loans	5.962.062	223.917	560.809	2.632.808	1.011.614	40.228	-	10.431.438
Prior period								
Total Assets	7.624.657	5.878.297	2.766.962	8.130.163	13.085.453	2.169.942	2.568.178	42.223.652
Total Liabilities	9.504.353	17.908.475	4.535.370	5.298.311	182.369	1.193.054	3.601.720	42.223.652
Net Liquidity Gap	(1.879.696)	(12.030.178)	(1.768.408)	2.831.852	12.903.084	976.888	(1.033.542)	-
Net Off-balance sheet								
Position	-	(1.874)	557	1.743	-	-	-	426
Financial Derivative Assets	-	243.502	5.132	16.551	-	-	-	265.185
Financial Derivative Liabilities	-	245.376	4.575	14.808	-	-	-	264.759
Non-cash Loans	5.839.023	306.875	476.050	2.328.330	1.052.607	42.812	-	10.045.697

(*) 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. Explanations on leverage ratio:

As of December 31, 2019, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 5,27% (December 31, 2018: 6,19%). 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 the high rate of increase in average risk amount.

		Current Period ^(*)	Prior Period ^(*)
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	49.258.636	42.145.699
2	(Assets deducted from Core capital)	(59.015)	(52.400)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	49.199.621	42.093.299
Derivative financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	5.672	6.944
5	Potential credit risk amount of derivative financial assets and credit derivatives	11.227	12.645
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	16.899	19.589
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	186.303	254.130
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)	186.303	254.130
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	12.250.746	11.972.692
11	(Correction amount due to multiplication with credit conversion rates)	-	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	12.250.746	11.972.692
Capital and total risk			
13	Core Capital	3.255.320	3.362.216
14	Total risk amount (sum of lines 3, 6, 9 and 12)	61.653.569	54.339.710
Leverage ratio			
15	Leverage ratio (%)	5,27	6,19

^(*) The arithmetic average for the last three months in the related periods.

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. As of December 31, 2019 and December 31, 2018, fair value hierarchy of financial investments measured at amortized cost is determined as level 1.

The fair value of loans are 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on presentation of financial assets and liabilities at fair value (continued):

a. Information on fair value of financial assets and liabilities:

	Carrying value		Fair value	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Financial Assets				
Money market placements	-	-	-	-
Banks	4.187.332	5.217.047	4.187.332	5.217.047
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	2.234.153	1.117.247	2.234.153	1.117.247
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.014.632	1.229.522	2.014.632	1.229.522
Financial Assets Measured at Amortised Cost	1.994.319	618.506	2.080.268	596.204
Loans and financial lease receivables	29.749.139	26.184.989	27.049.301	24.292.355
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	1.995.610	1.377.313	1.995.610	1.377.313
Other current and profit sharing accounts	37.773.798	27.246.160	37.773.798	27.246.160
Funds provided from other financial institutions	5.909.789	8.056.390	5.180.396	7.326.575
Marketable securities issued	18.237	771.957	18.237	771.957
Miscellaneous payables	1.363.786	1.362.343	1.363.786	1.362.343

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).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on presentation of financial assets and liabilities at fair value (continued):

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)	2.026.829	-	207.324	2.234.153
Government Securities	534.322	-	-	534.322
Equity securities	-	-	-	-
Other Financial Assets	1.492.507	-	207.324	1.699.831
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.006.613	-	-	2.006.613
Equity securities ^(**)	15.293	-	-	15.293
Government Securities	1.964.425	-	-	1.964.425
Other Financial Assets	26.895	-	-	26.895
Derivative Financial Assets	-	397	-	397
Financial liabilities				
Derivative financial liabilities	-	849	-	849

^(*) In the current period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 8.019 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 statements and not represented above table.

Prior period ^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	953.569	-	163.678	1.117.247
Public sector debt securities	834	-	-	834
Equity securities	-	-	-	-
Derivative financial assets held for trading	952.735	-	163.678	1.116.413
Financial assets- available for sale	1.225.614	-	-	1.225.614
Equity securities ^(**)	9.562	-	-	9.562
Public sector debt securities	1.058.514	-	-	1.058.514
Other marketable securities	157.538	-	-	157.538
Derivative Financial Liabilities	-	1.510	-	1.510
Financial liabilities				
Derivative financial liabilities held for trading	-	1.545	-	1.545

^(*) In the prior period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 3.908 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 statements and not represented above table.

Apart from financial assets and financial liabilities, as of December 31, 2019 and 2018, the Bank carries the real estates at fair value under tangible assets. Level III inputs are used in determining the related fair values.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

Credit risk

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

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

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

Operational risk

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

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

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

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

Other risks

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

cash flow sequence. The Bank manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

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

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

a.2. Risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	27.910.534	26.042.440	2.232.843
2	Standardised approach (SA)	27.910.534	26.042.440	2.232.843
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	2.396	5.806	192
5	Standardised approach for counterparty credit risk (SA-CCR)	2.396	5.806	192
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models	-	-	-
8	equity position in the banking account	-	-	-
9	Investments made in collective investment companies – look-through approach	-	-	-
10	Investments made in collective investment companies – mandate-based approach	-	-	-
11	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
12	Settlement risk	-	-	-
13	Securitization positions in banking accounts	-	-	-
14	IRB ratings-based approach (RBA)	-	-	-
15	IRB Supervisory Formula Approach (SFA)	-	-	-
16	SA/simplified supervisory formula approach (SSFA)	-	-	-
17	Market risk	3.764.028	3.800.396	301.122
18	Standardised approach (SA)	3.764.028	3.800.396	301.122
19	Internal model approaches (IMM)	-	-	-
20	Operational Risk	2.622.113	2.302.143	209.769
21	Basic Indicator Approach	2.622.113	2.302.143	209.769
22	Standard Approach	-	-	-
23	Advanced measurement approach	-	-	-
24	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	34.299.071	32.150.785	2.743.926

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

b. Financial statements and regulatory exposures reconciliation:

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

Current Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and cash equivalents	12.983.241	12.983.241	-	-	-	-
Financial assets at fair value through profit and loss	2.234.153	-	243	-	2.234.153	-
Financial Assets at Fair Value through Other Comprehensive Income	2.014.632	2.014.632	-	-	-	-
Financial Assets Measured at Amortised Cost	1.994.319	1.994.319	-	-	-	-
Derivative Financial Assets	397	-	397	-	397	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	17.391	-	-	-	-	17.391
LOANS (Net)	29.749.139	29.932.787	-	-	-	(183.648)
Loans	28.415.520	28.414.017	-	-	-	1.503
Financial Lease Receivables	243.678	243.678	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	2.221.723	2.221.723	-	-	-	-
Expected Credit Losses (-)	1.131.782	946.631	-	-	-	185.151
Assets Held for Sale and Assets of Discontinued Operations (Net)	124.480	124.480	-	-	-	-
Ownership Investments	70.148	70.148	-	-	-	-
Tangible Assets (Net)	1.516.415	1.492.142	-	-	-	24.273
Intangible Assets (Net)	30.535	1.861	-	-	-	28.674
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	45	45	-	-	-	-
Deferred Tax Asset	166.390	166.390	-	-	-	-
Other Assets	525.865	525.865	-	-	-	-
Total assets	51.392.368	49.305.910	640	-	2.234.550	(148.092)
Liabilities						
Funds collected	39.769.408	-	-	-	-	39.769.408
Funds borrowed	4.534.625	-	-	-	-	4.534.625
Borrowings from money markets	18.237	-	-	-	-	18.237
Securities issued	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	849	-	-	-	-	849
Lease Payables	300.660	-	-	-	-	300.660
Provisions	134.752	7.569	-	-	-	127.183
Current Tax Liability	72.958	-	-	-	-	72.958
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.375.164	-	-	-	-	1.375.164
Other Liabilities	1.363.786	-	-	-	-	1.363.786
Shareholders' equity	3.821.929	-	-	-	-	3.821.929
Total liabilities	51.392.368	7.569	-	-	-	51.384.799

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

b. Financial statements and regulatory exposures reconciliation (continued):

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation (continued):

Prior Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and cash equivalents	11.135.428	11.135.428	-	-	-	-
Financial assets at fair value through profit and loss	1.117.247	-	334	-	1.117.247	-
Financial Assets at Fair Value through Other Comprehensive Income	1.229.522	1.229.522	-	-	-	-
Financial Assets Measured at Amortised Cost	618.506	618.506	-	-	-	-
Derivative Financial Assets	1.510	-	1.510	-	1.510	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	17.163	-	-	-	-	17.163
LOANS (Net)	26.184.989	26.547.103	-	-	-	(362.114)
Loans	25.173.679	25.172.487	-	-	-	1.192
Financial Lease Receivables	379.554	379.554	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	1.888.547	1.888.547	-	-	-	-
Expected Credit Losses (-)	1.256.791	893.485	-	-	-	363.306
Assets Held for Sale and Assets of Discontinued Operations (Net)	649.688	649.688	-	-	-	-
Ownership Investments	39.744	39.744	-	-	-	-
Tangible Assets (Net)	655.449	631.451	-	-	-	23.998
Intangible Assets (Net)	31.419	1.806	-	-	-	29.613
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	3.492	3.492	-	-	-	-
Deferred Tax Asset	170.099	170.099	-	-	-	-
Other Assets	403.722	404.215	-	-	-	493
Total assets	42.223.652	41.431.054	1.844	-	1.118.757	(326.159)
Liabilities						
Funds collected	28.623.473	-	-	-	-	28.623.473
Funds borrowed	6.852.093	-	-	-	-	6.852.093
Borrowings from money markets	771.957	-	-	-	-	771.957
Securities issued	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	1.545	-	-	-	-	1.545
Lease Payables	-	-	-	-	-	-
Provisions	90.271	5.346	-	-	-	84.925
Current Tax Liability	56.222	-	-	-	-	56.222
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.204.297	-	-	-	-	1.204.297
Other Liabilities	1.362.343	-	-	-	-	1.362.343
Shareholders' equity	3.261.451	-	-	-	-	3.261.451
Total liabilities	42.223.652	5.346	-	-	-	42.218.306

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations On Risk Management (continued):

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

Current Period			Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk(*)
		Total				
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	51.392.368	49.305.910	-	640	2.234.550
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	7.569	-	-	-
3	Total net amount within the scope of legal consolidation	51.392.368	49.298.341	-	640	2.234.550
4	Off balance sheet amounts	12.676.641	6.528.030	-	2.854	-
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	-	(11.062.935)	-	-	-
10	Risk amounts	64.069.009	44.763.436	-	3.494	2.234.550

^(*) 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				Subject to counterparty credit risk	Subject to market risk ^(*)
		Total	Subject to credit risk	Securitisation positions		
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	42.223.652	41.431.054	-	1.844	1.118.757
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	5.346	-	-	-
3	Total net amount within the scope of legal consolidation	42.223.652	41.425.708	-	1.844	1.118.757
4	Off balance sheet amounts	12.444.026	6.450.554	-	5.038	-
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	-	(8.574.537)	-	-	-
10	Risk amounts	54.667.678	39.301.725	-	6.882	1.118.757

^(*) 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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations On Risk Management (continued):

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	2.221.723	28.719.127	1.191.711	29.749.139
2 Debt securities	-	4.527.996	2.518	4.525.478
3 Off-balance sheet exposures	68.218	12.475.333	18.616	12.524.935
4 Total	2.289.941	45.722.456	1.212.845	46.799.552

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	1.888.547	25.600.281	1.303.839	26.184.989
2 Debt securities	-	1.864.856	37.264	1.827.592
3 Off-balance sheet exposures	61.827	11.852.255	3.037	11.911.045
4 Total	1.950.374	39.317.392	1.344.140	39.923.626

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	1.950.374	1.261.895
2 Loans and debt securities that have defaulted since the last reporting period	1.240.709	1.388.090
3 Receivables back to non-defaulted status	90.359	-
4 Amounts written off	441.418	242.105
5 Other changes	369.365	457.506
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	2.289.941	1.950.374

c.1.4. Additional information on credit quality of assets:

The scope and definitions of past due receivables and the methods used by the bank to determine the provisions are mentioned in the Explanations on Credit risk.

The Bank may restructure not only non-performing credits but also the first and the second stage credits. Restructuring for the first and the second stage credits are made to improve the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk. Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan.

Breakdowns for receivables in terms of sectors are mentioned in the footnote numbered VIII (*Explanations on Credit Risk*).

Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below. In accordance with resolution of the Board of the Bank, TL 441.418 has been written off.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations On Risk Management (continued):

c.1.4. Additional information on credit quality of assets (continued):

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	411.986	3.665.055	4.077.041

	0-30 Day	31-90 Day	Total
Prior Period	722.924	5.318.304	6.041.228

Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	2.184.791	934.658
Off-shore Banking Countries	32.042	8.626
Other Countries	4.890	3.347
General Total	2.221.723	946.631

^(*) Represents amounts for cash loans.

Prior Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	1.835.608	865.090
Off-shore Banking Countries	29.535	8.409
Other Countries	23.404	19.986
General Total	1.888.547	893.485

^(*) Represents amounts for cash loans.

c.2. Credit risk mitigation

c.2.1 Qualitative disclosure on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

The risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at September 6, 2014 are stated below.

- 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 Turkey.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations On Risk Management (continued):

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	22.484.792	7.264.347	5.079.229	1.061.069	472.864	-	-
2 Debt securities	4.525.478	-	-	-	-	-	-
3 Total	27.010.270	7.264.347	5.079.229	1.061.069	472.864	-	-
4 Of which defaulted	1.043.668	231.424	179.911	2.040	617	-	-

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	19.193.921	6.991.068	4.889.638	910.075	292.353	-	-
2 Debt securities	1.827.592	-	-	-	-	-	-
3 Total	21.021.513	6.991.068	4.889.638	910.075	292.353	-	-
4 Of which defaulted	808.212	186.850	133.016	2.415	785	-	-

c.3. Credit risk under standardised approach:

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

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

Current Period	Risk classes	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Receivables from central governments or central banks	9.764.991	1.382	10.211.898	544	1.283.586	12,57%
2	Receivables from regional or local governments	99.368	-	101.305	-	49.684	49,04%
3	Receivables from administrative units and non-commercial enterprises	91.771	42.417	91.771	19.291	106.571	95,96%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	4.871.482	371.291	4.911.446	311.148	2.174.098	41,63%
7	Receivables from corporates	12.659.443	6.571.319	12.477.480	4.143.123	16.394.437	98,64%
8	Retail receivables	3.659.422	4.458.227	3.354.729	1.699.332	3.681.663	72,85%
9	Receivables secured by mortgages on property	436.616	48.133	435.797	20.292	162.259	35,58%
10	Receivables secured by mortgages on commercial property	2.078.951	599.311	2.078.951	332.224	1.262.320	52,35%
11	Past due receivables	703.682	-	702.349	-	704.941	100,37%
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	4.907	-	4.907	-	4.907	100,00%
16	Other receivables	3.775.352	10.381	3.775.352	2.076	1.996.647	52,86%
17	Equity share investments	89.421	-	89.421	-	89.421	100,00%
18	Total	38.235.406	12.102.461	38.235.406	6.528.030	27.910.534	62,35%

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

c.3.2. Credit risk exposure and credit risk mitigation techniques (continued):

Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
1 Receivables from central governments or central banks	4.967.514	1.631	5.664.004	159.633	175.329	%3,01
2 Receivables from regional or local governments	15	-	7.095	616	8	%0,10
3 Receivables from administrative units and non-commercial enterprises	114.858	31.888	114.858	13.826	126.626	%98,40
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	5.412.220	390.497	5.412.728	327.655	2.735.128	%47,65
7 Receivables from corporates	11.941.478	6.751.114	11.743.363	4.257.180	15.774.563	%98,59
8 Retail receivables	3.786.448	3.590.042	3.284.338	1.277.059	3.362.413	%73,71
9 Receivables secured by mortgages on property	406.959	60.506	404.054	28.435	155.542	%35,96
10 Receivables secured by mortgages on commercial property	1.947.063	602056	1.947.063	384.769	1.201.354	%51,52
11 Past due receivables	599.504	-	598.556	-	668.571	%111,70
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	3.621.898	6.906	3.621.898	1.381	1.789.692	%49,39
17 Equity share investments	53.214	-	53.214	-	53.214	%100,00
18 Total	32.851.171	11.434.640	32.851.171	6.450.554	26.042.440	%66,26

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

c.3.3 Exposures by asset classes and risk weights:

Current Period														
	Risk Classes/Risk Weighted	0%	10%	20%	35% secured by Property mortgage			50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
1	Receivables from central governments or central banks	7.548.741	-	-	-	-	2.603.730	-	-	59.971	-	-	-	10.212.442
2	Receivables from regional or local governments	-	-	-	-	-	101.305	-	-	-	-	-	-	101.305
3	Receivables from administrative units and non-commercial enterprises	835	-	4.570	-	-	-	-	-	105.657	-	-	-	111.062
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	9.097	-	3.134.319	-	1.023.925	-	1.055.253	-	-	-	-	-	5.222.594
7	Receivables from corporates	165.457	-	130.251	-	49.488	-	16.275.407	-	-	-	-	-	16.620.603
8	Retail receivables	128.160	-	79.261	-	-	4.846.640	-	-	-	-	-	-	5.054.061
9	Receivables secured by mortgages on property	3.027	-	305	-	6.032	-	4.349	-	-	-	-	-	456.089
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.297.710	-	113.465	-	-	-	-	-	2.411.175
11	Past due receivables	128	-	212	-	238.401	-	219.691	243.917	-	-	-	-	702.349
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	1.333.807	-	558.718	-	-	-	4.907	-	-	-	-	-	4.907
17	Equity share investments	-	-	-	-	-	-	1.884.903	-	-	-	-	-	3.777.428
18	Total	9.189.252	-	3.907.636	-	6.320.591	4.846.640	19.813.024	243.917	89.421	-	-	-	44.763.436

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

c.3.3 Exposures by asset classes and risk weights (continued):

Prior Period												
Risk Classes/Risk Weighted	0%	10%	20%	35% secured by Property mortgage			75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
1 Receivables from central governments or central banks	5.236.615	-	33	-	586.844	-	145	-	-	-	-	5.823.637
2 Receivables from regional or local governments	-	-	-	-	7.711	-	-	-	-	-	-	7.711
3 Receivables from administrative units and non-commercial enterprises	2.048	-	12	-	-	-	126.624	-	-	-	-	128.684
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	13.202	-	1.517.656	-	3.550.935	-	658.590	-	-	-	-	5.740.383
7 Receivables from corporates	149.904	-	94.688	-	158.682	-	15.597.269	-	-	-	-	16.000.543
8 Retail receivables	97.031	-	57.090	-	-	4.407.276	-	-	-	-	-	4.561.397
9 Receivables secured by mortgages on property	1.951	-	4.524	409.639	10.225	-	6.150	-	-	-	-	432.489
10 Receivables secured by mortgages on commercial property	-	-	-	-	2.260.956	-	70.876	-	-	-	-	2.331.832
11 Past due receivables	276	-	200	-	149.505	-	158.166	290.409	-	-	-	598.556
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	1.168.733	-	831.067	-	-	-	1.623.479	-	-	-	-	3.623.279
17 Equity share investments	-	-	-	-	-	-	53.214	-	-	-	-	53.214
18 Total	6.669.760	-	2.505.270	409.639	6.724.858	4.407.276	18.294.513	290.409	-	-	-	39.301.725

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

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)	640	2.854		-	3.494	1.857
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						1.857

^(*) Effective Expected Positive Exposure

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

ç. Counterparty credit risk (continued):

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

Prior Period	Replacement cost	Potential Future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	1.844	5.038		-	6.882	4.624
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						4.624

(*) 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	3.494	539	6.882	1.182
4 Total subject to the CVA capital obligation	3.494	539	6.882	1.182

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

ç.4. CCR exposures by risk class and risk weights:

Current Period									
Risk Classes	Risk Weighted								Total credit exposure^(*)
	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	-	-	-	-	-	-	-	-	-
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	1.603	711	-	665	-	-	2.979
Receivables from corporates	-	-	-	-	-	515	-	-	515
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	1.603	711	-	1.180	-	-	3.494

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

Prior Period									
Risk Classes	Risk Weighted								Total credit exposure^(*)
	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	-	-	-	2.376	-	-	-	-	2.376
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	-	-	210	1.803	-	707	-	-	2.720
Receivables from corporates	-	-	-	-	-	1.786	-	-	1.786
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	210	4.179	-	2.493	-	-	6.882

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

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	-	2.268	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	2.268	-	-	-	-

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	-	-	-	18.740	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	18.740	-	-

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, 2018: 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, 2018: None).

d. Information to be announced to public on Securitization:

There is not any information to be announced to public on securitization (December 31, 2018: 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

e.2 Market risk under standardised approach:

		Current Period	Prior Period
		RWA	RWA
Outright products			
1	Profit rate risk (general and specific)	87.423	2.767
2	Equity risk (general and specific)	3.378.324	2.217.880
3	Foreign exchange risk	197.334	1.567.329
4	Commodity risk	100.947	12.420
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	3.764.028	3.800.396

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, 2018, 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	1.228.110	1.372.346	1.594.924	1.398.460	15	209.769
Amount subject to Operational Risk (Total*12,5)	-	-	-	-	-	2.622.113

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

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	(487.442)	(9,49)
TL	(-) 400bp	488.502	9,51
USD Dollar	(+) 200bp	(417)	(0,01)
USD Dollar	(-) 200bp	3.834	0,07
EUR	(+) 200bp	(43.189)	(0,84)
EUR	(-) 200bp	(2.718)	(0,05)
Total (For Negative Shocks)	-	489.618	9,53
Total (For Positive Shocks)	-	(531.048)	(10,34)

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)	(710.582)	1.926.259	790.943	199.513	2.206.133
Operating Expenses	(739.001)	(1.163.559)	(217.406)	1.126	(2.118.840)
Operating Income/Expenses	(1.449.583)	762.700	573.537	200.639	87.293
Profit/(Loss) Before Tax	(1.449.583)	762.700	573.537	200.639	87.293
Tax Expense	-	-	-	(23.864)	(23.864)
Current Year Profit/(Loss)	(1.449.583)	762.700	573.537	176.775	63.429
Total Assets	2.574.413	28.153.795	17.647.851	3.016.309	51.392.368
Total Liabilities	26.441.681	15.007.697	5.968.600	3.974.390	51.392.368

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(633.008)	1.537.654	658.577	374.099	1.937.322
Operating Expenses	(246.487)	(717.252)	(146.740)	(658.348)	(1.768.827)
Operating Income/Expenses	(879.495)	820.402	511.837	(284.249)	168.495
Profit/(Loss) Before Tax	(879.495)	820.402	511.837	(284.249)	168.495
Tax Expense	-	-	-	(34.527)	(34.527)
Current Year Profit/(Loss)	(879.495)	820.402	511.837	(318.776)	133.968
Total Assets	2.647.172	24.265.102	12.449.011	2.862.367	42.223.652
Total Liabilities	18.778.877	11.484.813	8.726.896	3.233.066	42.223.652

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE

Explanations and notes on the unconsolidated financial statements

I. Explanations and notes related to assets:

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

	Current Period		Prior Period	
	TP	YP	TP	YP
Cash/Foreign currency	128.031	894.076	143.580	679.886
CBRT	1.167.687	5.902.132	284.244	3.807.930
Other ^(*)	130.984	572.999	81.896	920.845
Total	1.426.702	7.369.207	509.720	5.408.661

^(*) Includes precious metals amounting to TL 145.266 (December 31, 2018: TL 171.675) and cash in transit amounting to TL 558.717 (December 31, 2018: TL 831.066) as of December 31, 2019.

b. Information related to CBRT:

	Current Period		Prior Period	
	TP	YP	TP	YP
Unrestricted demand deposit	1.167.543	1.279.517	275.660	761.900
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	144	4.622.615	8.584	3.046.030
Total	1.167.687	5.902.132	284.244	3.807.930

^(*) As of December 31, 2019, the reserve requirement held in standard gold is TL 1.179.678 (December 2018: TL 838.436)

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As of December 31, 2019, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 1% to 7% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 5% to 21% depending on maturity of deposits.

The banks which meet the conditions in the "Communiqué Regarding the Reserve Requirements" on real credit growth rates will get the return at 10%, for the others which do not meet the conditions in the mentioned Communiqué will get the return at 0%.

c.1. Information on bank

	Current Period		Prior Period	
	TP	YP	TP	YP
Banks				
Domestic ^(*)	1.102.737	840.048	822.685	3.436.825
Abroad	-	2.244.547	-	957.537
Foreign head offices and branches	-	-	-	-
Total	1.102.737	3.084.595	822.685	4.394.362

^(*) Includes blockaged amount TL 1.032.679 (December 31, 2018: 800.457) booked under TL accounts arising from POS transactions.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

Explanations and notes on the unconsolidated financial statements (continued)

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

c.2. Information on foreign bank accounts:

	Current period		Prior Period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	796.257	-	242.415	-
USA and Canada	1.104.077	-	416.030	-
OECD Countries ^(*)	95.442	-	12.479	-
Off-shore banking regions	5.232	-	15.367	-
Other ^(**)	220.548	22.991	257.787	13.459
Total	2.221.556	22.991	944.078	13.459

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

^(**) Represents the balance amounts to TL 153.234 in Iraq Banks belonging to Bank's foreign branch "Erbil" (December 31, 2018: TL 207.770).

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 agreements and given as collateral/blocked:

As of December 31, 2019, the nominal amount subject to repurchase agreements is TL 13.931 (December 31, 2018: TL 686.051).

As of December 31, 2019, the amount blocked/guaranteed is TL 895 (December 31, 2018: None).

b. Financial assets measured at fair value through profit/loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment fund participation certificates (net) ^(*)	1.689.164	-	1.108.940	-
Sukuk	109.688	435.301	1.566	6.741
Total	1.798.852	435.301	1.110.506	6.741

^(*) Includes participation certificates of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu".

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 guarantee or blocked:

As of December 31, 2019, the nominal amount subject to repurchase agreements is TL 1.075 (December 31, 2018: None).

As of December 31, 2019, guaranteed/blocked nominal amount is TL 355.481 (December 31, 2018: 425.917)

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

3. Information on financial assets measured at fair value through other comprehensive income (continued):

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

	Current Period	Prior Period
Debt Securities	1.988.590	1.246.349
Quoted on a stock exchange	1.988.590	1.246.349
Unquoted	-	-
Investment Funds	4.907	6.761
Quoted on a stock exchange	-	-
Unquoted	4.907	6.761
Share Certificates	23.312	13.470
Quoted on a stock exchange	15.293	9.562
Unquoted	8.019	3.908
Impairment Provision (-)	2.177	37.058
Total	2.014.632	1.229.522

4. Information on financial assets measured at amortised cost:

a) Information on subject to repurchase transactions, given as a guarantee or blocked:

As of December 31, 2019, there is not any amount subject to repurchase agreements (December 31, 2018: None)

As of December 31, 2019, there is not any amount blocked/guaranteed. (December 31, 2018: None)

b) Information on related to government securities measured at amortised cost:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	1.934.483	618.506
Total	1.934.483	618.506

^(*) Consists of sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

c) Information related to financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	1.994.319	618.506
Quoted on a stock exchange	1.994.319	618.506
Unquoted	-	-
Impairment provision (-)	-	-
Total	1.994.319	618.506

ç) Movements of the financial investments measured at amortised cost:

	Current Period	Prior Period
Balance at beginning of period	618.506	532.803
Foreign currency differences on monetary assets	32.804	-
Purchases during period ^(*)	1.498.768	187.962
Disposals through sales and redemptions ^(*)	(191.868)	(142.329)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	36.109	40.070
Closing balance	1.994.319	618.506

^(*) Represented on nominal values

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	138	-	1.510	-
Swap Transactions	-	259	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	138	259	1.510	-

The Bank has not any derivative financial assets for hedging purposes. (December 31, 2018: None).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	164.966	39.387	208.645	7.601
Corporate shareholders	164.690	39.037	208.367	7.251
Real person shareholders	276	350	278	350
Indirect loans granted to shareholders	632.926	27.308	173.457	32.410
Loans granted to employees	15.236	2	14.998	2
Total	813.128	66.697	397.100	40.013

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	
			Amendments to the Terms of Contracts	Refinancing
Cash Loans	Standard Loans			
Loans	24.762.708	2.829.986	268.876	553.950
Export loans	1.351.678	8.228	-	-
Import loans	1.602.342	78.351	-	-
Business loans	13.038.036	2.454.010	212.870	416.862
Consumer loans	2.315.782	112.732	2.183	-
Credit cards	380.322	5.548	-	-
Loans given to financial sector	47.640	-	-	-
Other ^(*)	6.026.908	171.117	53.823	137.088
Other receivables	-	-	-	-
Total	24.762.708	2.829.986	268.876	553.950

^(*) Details of other loans are provided below:

Commercial loans with installments	1.207.001
Other investment credits	458.318
Loans given to abroad	1.698.852
Profit and loss sharing investments ^(**)	2.673.428
Loans for purchase of marketable securities for customer	283.110
Other	68.227
Total	6.388.936

^(**) As of December 31, 2019, the related balance represents profit and loss sharing investment projects (8 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, 2019, 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 96.206 (TL 155.234 valuation profit, TL 59.028 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. In addition to the fair value profit, as of December 31, 2019, the project sales profit accrual amounts to TL 34.262. In total, net profit from profit and loss sharing investments is TL 130.468.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

b1. Detailed table for standard loans and loans under close monitoring including restructured or rescheduled loans (continued):

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
Loans	19.961.950	4.586.686	84.914	540.129
Export loans	1.011.290	81.016	-	-
Import loans	1.708.418	132.927	155	-
Business loans	9.526.688	3.794.661	79.045	413.192
Consumer loans	2.326.204	177.374	4.703	-
Credit cards	313.127	16.801	-	-
Loans given to financial sector	63.275	-	-	-
Other ^(*)	5.012.948	383.907	1.011	126.937
Other receivables	-	-	-	-
Total	19.961.950	4.586.686	84.914	540.129

^(*) Details of other loans are provided below:

Commercial loans with installments	1.301.900
Other investment credits	472.512
Loans given to abroad	1.143.043
Profit and loss sharing investments ^(**)	2.145.198
Loans for purchase of marketable securities for customer	370.076
Other	92.074
Total	5.524.803

^(**) As of December 31, 2018, the related balance represents profit and loss sharing investment projects (10 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, 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.

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	100.058	-
Significant Increase in Credit Risk	-	85.093
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	67.855	-
Significant Increase in Credit Risk	-	295.451

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

c. Maturity analysis of cash loans:

Cash Loans Current Period	Standard Loans	Loans Under Follow-Up	
		Non-restructured	Restructured
Short term loans	5.858.202	213.376	-
Medium and long-term loans ^(*)	18.904.506	2.616.610	822.826
Total	24.762.708	2.829.986	822.826

^(*) 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	4.236.707	771.606	-
Medium and long-term loans ^(*)	15.725.243	3.815.080	625.043
Total	19.961.950	4.586.686	625.043

^(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	42.191	2.378.802	2.420.993
Housing loans	12.147	2.082.795	2.094.942
Vehicle loans	12.443	210.479	222.922
Consumer loans	17.601	85.528	103.129
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	212	212
Housing loans	-	212	212
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	104.320	172	104.492
With installment	33.424	164	33.588
Without installment	70.896	8	70.904
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	7.948	1.544	9.492
Housing loans	-	11	11
Vehicle loans	140	827	967
Consumer loans	7.808	706	8.514
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	5.723	21	5.744
With installment	2.541	21	2.562
Without installment	3.182	-	3.182
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	160.182	2.380.751	2.540.933

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

ç. Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards (continued):

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TL	11.980	2.486.782	2.498.762
Housing loans	2.298	2.318.529	2.320.827
Vehicle loans	2.088	77.325	79.413
Consumer loans	7.594	90.928	98.522
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	99	99
Housing loans	-	99	99
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	90.527	-	90.527
With installment	29.971	-	29.971
Without installment	60.556	-	60.556
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	6.589	2.831	9.420
Housing loans	11	170	181
Vehicle loans	6	737	743
Consumer loans	6.572	1.924	8.496
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	5.578	-	5.578
With installment	2.347	-	2.347
Without installment	3.231	-	3.231
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	114.674	2.489.712	2.604.386

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	58.262	756.177	814.439
Business loans	3.036	196.308	199.344
Vehicle loans	48.075	396.582	444.657
Consumer loans	7.151	163.287	170.438
Other	-	-	-
Commercial installment loans-FC indexed	-	199.773	199.773
Business loans	-	101.807	101.807
Vehicle loans	-	23.898	23.898
Consumer loans	-	74.068	74.068
Other	-	-	-
Commercial installment Loans-FC	4.714	188.075	192.789
Business loans	-	113.768	113.768
Vehicle loans	4.714	32.017	36.731
Consumer loans	-	42.290	42.290
Other	-	-	-
Corporate credit cards-TL	275.382	252	275.634
With installment	71.610	235	71.845
Without installment	203.772	17	203.789
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	338.358	1.144.277	1.482.635

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	24.569	723.152	747.721
Business loans	3.123	215.884	219.007
Vehicle loans	14.958	195.023	209.981
Consumer loans	6.488	312.245	318.733
Other	-	-	-
Commercial installment loans-FC indexed	260	372.637	372.897
Business loans	-	196.574	196.574
Vehicle loans	133	59.305	59.438
Consumer loans	127	116.758	116.885
Other	-	-	-
Commercial installment Loans-FC	1.531	179.751	181.282
Business loans	-	138.162	138.162
Vehicle loans	1.531	4.178	5.709
Consumer loans	-	37.411	37.411
Other	-	-	-
Corporate credit cards-TL	233.823	-	233.823
With installment	54.103	-	54.103
Without installment	179.720	-	179.720
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	260.183	1.275.540	1.535.723

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

e. Allocation of loans by customers:

	Current Period	Prior Period
Public	227.525	-
Private	28.187.995	25.173.679
Total	28.415.520	25.173.679

f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	26.716.668	24.030.636
Foreign loans	1.698.852	1.143.043
Total	28.415.520	25.173.679

g. Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TP	YP	TP	YP
Direct Loans Granted to Subsidiaries and Associates	3	-	1	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total	3	-	1	-

ğ. Specific provisions for loans or provisions for default loans (stage 3):

	Current Period	Prior Period
Loans with limited collectability	250.661	107.883
Loans with doubtful collectability	114.063	82.362
Uncollectible loans	581.907	703.240
Total	946.631	893.485

Specific provisions in the amount of TL 946.631 (December 31, 2018: TL 893.485) comprise TL 418.351 (December 31, 2018: TL 464.428) of participation account share of loans provided from participation accounts.

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	1.645	42.080	92.590
Restructured loans	1.645	42.080	92.590
Prior Period			
Gross amount before specific provisions	1.233	7.597	24.632
Restructured loans	1.233	7.597	24.632

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	346.493	341.237	1.200.817
Additions in the current period (+)	982.060	80.672	177.977
Transfers from other categories of non-performing loans (+)	-	790.836	688.296
Transfers to other categories of non-performing loans (-)	790.836	688.296	-
Collections in the current period (-)	62.083	122.433	191.240
Transfers to standard loans (-) ^(*)	9.200	82.368	440.209
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	466.434	319.648	1.435.641
Provisions (-)	250.661	114.063	581.907
Net balance at the balance sheet	215.773	205.585	853.734

^(*)According to change in "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 written off amount is TL 441.418 and its effect to NPL ratio is 131 basis point.

Non-performing loans and receivables in the amount of TL 2.221.723 comprise TL 1.120.746 of participation account share of loans provided from participation accounts.

	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	68.903	268.963	874.744
Additions in the current period (+)	1.015.020	164.492	208.578
Transfers from other categories of non-performing loans (+)	-	551.598	439.614
Transfers to other categories of non-performing loans (-)	551.598	439.614	-
Collections in the current period (-)	113.506	160.552	195.990
Transfers to standard loans (-)	-	-	-
Write offs (-) ^(*)	72.326	43.650	126.129
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other ^(**)	72.326	43.650	126.129
Closing balance of the current period	346.493	341.237	1.200.817
Specific provisions (-)	107.883	82.362	703.240
Net balance at the balance sheet	238.610	258.875	497.577

^(*) The Bank has assigned TL 242.105 from its non-performing loan portfolio to asset management companies.

Non-performing loans and receivables in the amount of TL 1.888.547 comprise TL 1.005.830 of participation account share of loans and receivables provided from participation accounts.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	262.392	19.248	99.860
Provision (-)	162.380	5.990	48.339
Net balance	100.012	13.258	51.521
Prior period:			
Period end balance	9.868	89.051	96.284
Specific provision (-)	4.714	2.080	47.628
Net balance	5.154	86.971	48.656

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)	215.773	205.585	853.734
Loans to individuals and corporates (gross)	466.434	319.648	1.435.641
Provision (-)	250.661	114.063	581.907
Loans to individuals and corporates (net)	215.773	205.585	853.734
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)^(*)	238.610	258.875	497.577
Loans to individuals and corporates (gross)	346.493	341.237	1.200.817
Specific provision (-)	107.883	82.362	703.240
Loans to individuals and corporates (net)	238.610	258.875	497.577
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	19.373	43.571	180.590
Profit Share Accruals and Valuation Differences	25.237	58.290	279.633
Provision (-)	5.864	14.719	99.043
Prior Period (Net)	38.694	30.522	68.964
Profit Share Accruals and Valuation Differences	55.013	38.336	187.489
Provision (-)	16.319	7.814	118.525

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 (December 31, 2018: TL 242.405). As of December 31, 2019, loans which deemed uncollectible amounts to TL 441.418 have been written off as per the decision taken by the bank management. (December 31, 2018: TL 242.105 has been assigned to the asset management companies.

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	54.436	36.045	98.287	92.097
1 to 4 years	137.190	126.827	212.039	184.566
More than 4 years	83.308	80.806	112.474	102.891
Total	274.934	243.678	422.800	379.554

b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	274.934	422.800
Unearned financial lease receivable (-)	31.256	43.246
Net receivable from financial leases	243.678	379.554

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

c. General explanation on finance lease contracts:

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

Information on leasing receivables:

		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
			Loans with Revised Contract Terms	Refinancing
Standard Loans				
Current Period				
Financial lease receivables (Net)	231.435	10.337	1.906	-
Prior Period				
Financial lease receivables (Net)	272.979	105.226	1.349	-

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	649.688	84.230
Additions	159.027	875.842
Disposals	(62.075)	(40.610)
Transfers ^(*)	(835.806)	(58.968)
Impairment Provision(-)/Reversal of Impairment Provision ^(*)	213.646	(210.806)
Net closing balance	124.480	649.688

^(*)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, 2019, TL 123.357 (December 31, 2018: TL 646.597) of the assets held for sale is comprised of real estates, TL 1.123 (December 31, 2018: TL 3.091) is comprised of other tangible assets. The Bank has not any discontinued operations and assets of discontinued operations.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

9. Ownership investments:

a. Associates:

a.1. Information on unconsolidated associates:

Since the Bank does not have the necessary shareholding percentage to become a qualified shareholder and significant influence over this associate, it has not been consolidated.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş.	Ankara/Turkey	1,49	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2018.

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
476.692	392.969	25.822	-	-	64.893	32	-

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 per BOD decision dated December 22, 2017 "Albaraka Kültür Sanat ve Yayıncılık A.Ş." has been established. As of December 31, 2019, the company's capital is TL 3.540 and the Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

As per BOD decision dated December 24, 2018 "Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret Anonim Şirketi" has been established. As of December 31, 2019, the company's capital is TL 18.000 and the Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

b2. Information on consolidated subsidiaries:

i. The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from unaudited financial statements as of December 31, 2019.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	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
2.712.621	507	-	-	-	104	3	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

b2. Information on consolidated subsidiaries (continued):

ii. 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, 2019, the capital of the company is TL 16.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from unaudited financial statements as of December 31, 2019.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Portföy Yön. A.Ş.	Istanbul/Turkey	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
32.934	30.674	205	4.413	20.426	13.374	686	-

iii. As of December 31, 2019, unaudited financial statements of the Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" 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
1.826.367 €	1.755.164 €	-	-	-	(1.174.997)€	(5.620) €	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

iv. Movement and sectoral information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	11.307	5.400
Movements inside the term	12.404	5.907
Purchases/new incorporations/capital increases	12.404	5.907
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	23.711	11.307
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	23.711	11.307

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, 2019 are below.

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.	50,00	50,00	167.363	2.445.814	2.454.654	139.324	(111.810)

Investment in joint venture in the unconsolidated financial statements is carried at cost.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

10. Information on tangible assets:

Current period	Immovables ^(*)	Leased tangible assets	Vehicles	Other ^(*)	Assets held for sale	Total
Cost						
Opening balance: January 1, 2019	445.917	-	733	267.945	187.356	901.951
Additions	316.868	-	4	56.216	5	373.093
Revaluation differences	31.588	-	-	-	-	31.588
Disposals	(500)	-	-	(15.513)	(67.901)	(83.914)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(212.178)	(212.178)
Transfers	-	-	-	-	835.806	835.806
Ending balance: December 31, 2019	793.873	-	737	308.648	743.088	1.846.346
Accumulated depreciation(-)						
Opening balance: January 1, 2019	55.622	-	539	187.214	3.127	246.502
Depreciation expense	56.735	-	67	42.191	-	98.993
Reversal of depreciation of the disposed assets	(73)	-	-	(14.780)	(711)	(15.564)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2019	112.284	-	606	214.625	2.416	329.931
Total cost at the end of the year	793.873	-	737	308.648	743.088	1.846.346
Total accumulated depreciation at the end of the year	(112.284)	-	(606)	(214.625)	(2.416)	(329.931)
Closing net book value	681.589	-	131	94.023	740.672	1.516.415
Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2018	420.829	-	808	245.563	145.274	812.474
Additions	2.717	-	115	33.902	518	37.252
Revaluation differences	26.779	-	-	-	-	26.779
Disposals	(4.408)	-	(190)	(11.520)	(15.725)	(31.843)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(1.679)	(1.679)
Transfers	-	-	-	-	58.968	58.968
Ending balance: December 31, 2018	445.917	-	733	267.945	187.356	901.951
Accumulated depreciation(-)						
Opening balance: January 1, 2018	46.238	-	653	172.717	3.200	222.808
Depreciation expense	9.876	-	65	28.158	-	38.099
Reversal of depreciation of the disposed assets	(492)	-	(179)	(13.661)	(73)	(14.405)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2018	55.622	-	539	187.214	3.127	246.502
Total cost at the end of the year	445.917	-	733	267.945	187.356	901.951
Total accumulated depreciation at the end of the year	(55.622)	-	(539)	(187.214)	(3.127)	(246.502)
Closing net book value	390.295	-	194	80.731	184.229	655.449

As of December 31, 2019, the immovables of the Bank have been revalued by an independent valuer and revaluation fund of TL 270.910 (December 31, 2018: TL 251.889) net of deferred tax and depreciation has been reflected in the financial statements. After the revaluation, the cost of the Bank's immovables amounting to TL 475.522 (December 31, 2018: TL 445.917), their amortisations amounting to TL 66.192 (December 31, 2018: TL 55.622), net carrying value is TL 409.330 (December 31, 2018: TL 390.295). As of December 31, 2019, the cost of the movables and immovable recognized as "right of use" under tangible assets in the balance sheet of the Bank is TL 340.638, related amortisations amounting to TL 56.909. The initial transition effect of "IFRS 16 Leases" standard has been represented under additions line for more information please see Section three: Accounting Policies, Accounting policies and valuation principles applied in the preparation of financial statements, Reclassifications of TFRS 16.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

11. Information on intangible assets:

a) Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Gross book value	168.113	149.969
Accumulated depreciation (-)	137.578	118.550
Total (net)	30.535	31.419

b) Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	31.419	28.475
Additions	16.925	21.910
Disposals (-) (net)	-	305
Depreciation expense (-)	17.809	18.661
Closing net book value	30.535	31.419

12. Information on investment property:

None (December 31, 2018: None).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

13. Information related to deferred tax asset:

As of December 31, 2019, the Bank calculated net deferred tax asset of TL 166.390 (December 31, 2018: TL 170.099) by netting off deferred tax asset of TL 229.752 (December 31, 2018: TL 201.978) and deferred tax liability of TL 63.362 (December 31, 2018: TL 31.879) 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	56.241	38.067
Provisions for retirement premium and vacation pay liabilities	20.112	14.971
Difference between carrying value and tax base of tangible assets (amortisation differences)	20.010	7.035
Depreciation of tangible assets	42.801	47.404
Provisions for cases on trial	3.444	953
Revaluation difference of financial assets measured at fair value through other comprehensive income	-	8.524
Provisions	24.961	68.717
Leasing profit share expenses	11.832	-
Other	50.351 ^(*)	16.307
Deferred tax asset	229.752	201.978
Revaluation difference of property	21.063	17.718
Rediscount on profit share	8.445	10.645
Right of use assets	19.710	-
Other	14.144	3.516
Deferred tax liability	63.362	31.879
Deferred tax asset (net)	166.390	170.099

^(*) Includes TL 45.796 subjected to deferred tax arising from previous years' losses

^(**) Includes Revaluation difference of financial assets measured at fair value through other comprehensive income amounting to TL 11.298 and deferred tax liability calculated for derivative financial instruments amounting to TL 87.

14. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 525.865 (December 31, 2018: TL 403.722) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations and notes related to liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts									
Non-Trade TL	1.683.275	-	-	-	-	-	-	-	1.683.275
II. Real Persons Participation									
Accounts Non-Trade TL	-	2.908.832	5.077.473	207.355	-	34.125	401.888	13.686	8.643.359
III. Current Account other-TL	2.516.120	-	-	-	-	-	-	-	2.516.120
Public Sector	68.515	-	-	-	-	-	-	-	68.515
Commercial Institutions	2.345.812	-	-	-	-	-	-	-	2.345.812
Other Institutions	76.454	-	-	-	-	-	-	-	76.454
Commercial and Other Institutions	18.415	-	-	-	-	-	-	-	18.415
Banks and Participation Banks	6.924	-	-	-	-	-	-	-	6.924
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	6.788	-	-	-	-	-	-	-	6.788
Participation Banks	134	-	-	-	-	-	-	-	134
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	366.484	1.329.289	41.872	-	56.180	59.858	183	1.853.866
Public Sector	-	56	81	-	-	-	-	-	137
Commercial Institutions	-	323.641	1.140.561	38.821	-	55.674	57.009	183	1.615.889
Other Institutions	-	21.522	185.968	3.051	-	506	2.849	-	213.896
Commercial and Other Institutions	-	21.265	2.288	-	-	-	-	-	23.553
Banks and Participation Banks	-	-	391	-	-	-	-	-	391
V. Real Persons Current Accounts									
Non- Trade FC	3.978.509	-	-	-	-	-	-	-	3.978.509
VI. Real Persons Participation									
Accounts Non-Trade FC	-	3.281.952	5.189.583	463.346	-	30.296	1.062.696	1.388	10.029.261
VII. Other Current Accounts FC	4.845.801	-	-	-	-	-	-	-	4.845.801
Residents in Turkey-Corporate	3.240.586	-	-	-	-	-	-	-	3.240.586
Residents Abroad-Corporate	817.820	-	-	-	-	-	-	-	817.820
Banks and Participation Banks	787.395	-	-	-	-	-	-	-	787.395
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	781.931	-	-	-	-	-	-	-	781.931
Participation Banks	5.464	-	-	-	-	-	-	-	5.464
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts									
other- FC	-	498.817	2.893.485	612.470	-	6.545	14.971	27	4.026.315
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	348.427	2.117.663	39.815	-	6.545	14.922	27	2.527.399
Other institutions	-	4.130	49.904	6	-	-	-	-	54.040
Commercial and Other Institutions	-	65.806	173.495	4.626	-	-	49	-	243.976
Banks and Participation Banks	-	80.454	552.423	568.023	-	-	-	-	1.200.900
IX. Precious Metals Deposits	878.269	285.168	954.585	27.361	-	9.509	37.828	182	2.192.902
X. Participation Accounts									
Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special									
Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	13.901.974	7.341.253	15.444.415	1.352.404	-	136.655	1.577.241	15.466	39.769.408

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current									
Accounts Non-Trade TL	1.134.274	-	-	-	-	-	-	-	1.134.274
II. Real Persons Participation									
Accounts Non-Trade TL	-	2.428.892	3.925.701	138.487	-	29.371	439.698	10.667	6.972.816
III. Current Account other-TL	1.675.382	-	-	-	-	-	-	-	1.675.382
Public Sector	44.119	-	-	-	-	-	-	-	44.119
Commercial Institutions	1.547.656	-	-	-	-	-	-	-	1.547.656
Other Institutions	56.880	-	-	-	-	-	-	-	56.880
Commercial and Other Institutions	3.513	-	-	-	-	-	-	-	3.513
Banks and Participation Banks	23.214	-	-	-	-	-	-	-	23.214
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	23.211	-	-	-	-	-	-	-	23.211
Participation Banks	1	-	-	-	-	-	-	-	1
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	324.687	1.373.472	186.881	-	7.553	104.511	32	1.997.136
Public Sector	-	68	1.190	-	-	-	-	-	1.258
Commercial Institutions	-	304.892	1.224.378	133.657	-	6.309	97.729	32	1.766.997
Other Institutions	-	19.707	147.337	53.224	-	1.244	4.931	-	226.443
Commercial and Other Institutions	-	20	5	-	-	-	1.851	-	1.876
Banks and Participation Banks	-	-	562	-	-	-	-	-	562
V. Real Persons Current									
Accounts Non- Trade FC	2.253.033	-	-	-	-	-	-	-	2.253.033
VI. Real Persons Participation									
Accounts Non-Trade FC	-	2.200.909	3.871.958	301.876	-	26.181	638.977	387	7.040.288
VII. Other Current Accounts FC	3.200.185	-	-	-	-	-	-	-	3.200.185
Residents in Turkey- Corporate	2.386.238	-	-	-	-	-	-	-	2.386.238
Residents abroad- Corporate	388.771	-	-	-	-	-	-	-	388.771
Banks and Participation Banks	425.176	-	-	-	-	-	-	-	425.176
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	420.247	-	-	-	-	-	-	-	420.247
Participation Banks	4.929	-	-	-	-	-	-	-	4.929
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	465.979	2.232.544	207.092	-	12.236	11.108	-	2.928.959
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	255.551	1.400.746	62.073	-	12.236	11.068	-	1.741.674
Other Institutions	-	2.986	29.705	3.613	-	-	-	-	36.304
Commercial and Other Institutions	-	10.986	208.223	3.371	-	-	40	-	222.620
Banks and Participation Banks	-	196.456	593.870	138.035	-	-	-	-	928.361
IX. Precious Metals Deposits	465.759	184.260	706.317	31.486	-	8.140	25.303	135	1.421.400
X. Participation Accounts									
Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts									
Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	8.728.633	5.604.727	12.109.992	865.822	-	83.481	1.219.597	11.221	28.623.473

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

b. Information on participation fund under the guarantee of insurance:

b.1. Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance	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	5.855.401	4.415.669	4.471.232	3.691.420
Foreign currency accounts	4.485.043	2.621.145	11.489.849	7.874.166
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	40.415	28.459
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	16.974	12.634
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

2. Information on borrowings:

a.1. Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	1.665.370
Wakala Loans	-	978.465	-	1.210.541
Loans Obtained from Issued Lease Certificates (Sukuk)	2.743.027	-	1.613.630	1.848.913
Other	100.219	712.914	220.698	292.941
Total	2.843.246	1.691.379	1.834.328	5.017.765

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	2.843.246	252.151	1.668.199	2.141.854
Loans from foreign banks, institutions and funds	-	1.439.228	166.129	2.875.911
Total	2.843.246	1.691.379	1.834.328	5.017.765

a.3. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2.813.166	1.129.603	1.563.656	1.354.438
Medium and Long-Term	30.080	561.776	270.672	3.663.327
Total	2.843.246	1.691.379	1.834.328	5.017.765

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, 2018: None).

3. Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	504	41	205	-
Swap transactions	-	304	1.340	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	504	345	1.545	-

The Bank has not any derivative financial liabilities for hedging purposes (December 31,2018: None).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

4. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	6.291	-	-	-
1 to 5 years	81.724	1.199	-	-
Over 5 years	199.740	11.706	-	-
Total	287.755	12.905	-	-

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 85.961 (December 31, 2018: TL 62.147), vacation pay liability amounting to TL 13.270 (December 31, 2018: TL 11.174) totaling to TL 99.231 (December 31, 2018: TL 73.321). Provisions for performance premium has not been allocated in the current period (December 31, 2018: None). 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 (%)	11,70	16,00
Estimated increase rate of salary ceiling (%)	8,90	12,30

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

	Current Period	Prior Period
Prior period ending balance	62.147	50.623
Change in the period	20.480	14.844
Actuarial (gain)/loss	13.716	2.892
Paid during the period	(10.382)	(6.212)
Balance at the end of the period	85.961	62.147

b. Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	11.047	6.192
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	-
Third stage expected loss provisions for unindemnified letter of guarantees	3.686	3.037
Third stage expected loss provisions for cheques commitments	3.883	2.309
Provisions for promotions related with credit cards and promotion of banking services	224	212
Provisions for cases on trial	15.655	4.440
Accrual for purchase and sale commitments	291	148
Other	735	612
Total	35.521	16.950

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

As of December 31, 2019 provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 901 (December 31, 2018: TL 3.802) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

6. Information on taxes payable:

a. Explanations on current tax liability:

a.1. Explanations on tax provisions:

As of December 31, 2019, remaining tax liability after offsetting prepaid corporate tax is TL 4.722. (December 31, 2018: TL 3.071).

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	4.722	3.071
Banking insurance transaction tax	14.130	17.376
Taxation on securities income	24.408	12.024
Value added tax payable	1.295	1.530
Taxation on real estate income	1.230	1.233
Foreign exchange transaction tax	2.274	-
Income tax deducted from wages	10.331	9.385
Other	1.967	1.190
Total	60.357	45.809

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	5.483	4.531
Social security premiums-employer	5.948	4.918
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	390	321
Unemployment insurance-employer	780	643
Other	-	-
Total	12.601	10.413

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

7. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2018: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
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	-	1.375.164	-	1.204.297
Subordinated loans	-	1.375.164	-	1.204.297
Subordinated debt instruments	-	-	-	-
Total	-	1.375.164	-	1.204.297

The Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey 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 10,5%. The Bank has repurchased the sukuk issued in the amount of USD 20.161.000 and this amount is offset in financial assets measured at fair value through other comprehensive income and subordinated loans.

The Bank has realized unmaturing 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, 2018: None).

10. Information on shareholders' equity:

a. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
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 December 27, 2016 for the extension of the Registered Capital Ceiling to the Capital Markets Board was approved on January 10, 2017 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2021.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	2.500.000

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

The Bank has completed capital increase through rights issues in December 2019. As of December 31, 2019 the capital has not been registered and the added amount (TL 450.000) has been represented under "Other Capital Reserves" on the balance sheet.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

10. Information on shareholders' equity:

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 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 ⁽¹⁾	4.023	36.033	(23.419)	(7.774)
Foreign exchange difference	-	-	-	-
Total	4.023	36.033	(23.419)	(7.774)

⁽¹⁾ The amount represents the net balance after deferred tax calculation.

ğ) Information on other capital reserves:

The Bank has evaluated its unmatured 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, unpaid amounts will not have to be paid by the Bank for the coming periods.

The coupon payment for the related transaction amounting to TL 112.284 (December 31, 2018: TL 60.051) has been recognized under prior years profit / loss.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

1. Explanations on off balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	769.342	630.690
Payment commitments for cheques	631.606	537.673
Asset purchase and sale commitments	437.404	476.958
Loan granting commitments	262.517	215.439
Tax and funds liabilities arising from export commitments	10.381	6.906
Commitments for promotions related with credit cards and banking activities	335	332
Other irrevocable commitments	528	387
Total	2.112.113	1.868.385

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	8.718.394	8.574.565
Bank loans	14.463	39.338
Letters of credit	1.329.920	1.229.615
Other guaranties and sureties	368.661	202.179
Total	10.431.438	10.045.697

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

	Current Period	Prior Period
Letters of guarantees	8.718.394	8.574.565
Long standing letters of guarantees	5.448.790	5.149.800
Temporary letters of guarantees	371.560	191.708
Advance letters of guarantees	362.686	369.112
Letters of guarantees given to customs	366.118	252.510
Letters of guarantees given for obtaining cash loans	2.169.240	2.611.435
Sureties and similar transactions	368.661	202.179
Total	9.087.055	8.776.744

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	2.169.240	2.611.435
With original maturity of 1 year or less	555.521	917.931
With original maturity of more than 1 year	1.613.719	1.693.504
Other non-cash loans	8.262.198	7.434.262
Total	10.431.438	10.045.697

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

	Current period			
	TL	(%)	FC	(%)
Agricultural	41.099	0,80	45.800	0,86
Farming and stockbreeding	23.964	0,47	44.801	0,84
Forestry	16.274	0,32	999	0,02
Fishery	861	0,02	-	0,00
Manufacturing	1.266.579	24,70	2.568.269	48,43
Mining	34.091	0,66	38.262	0,72
Production	892.192	17,40	2.186.913	41,24
Electricity, gas and water	340.296	6,64	343.094	6,47
Construction	1.160.560	22,63	688.776	12,99
Services	2.574.523	50,20	1.889.532	35,63
Wholesale and retail trade	1.304.624	25,44	1.076.518	20,30
Hotel, food and beverage services	45.111	0,88	163.865	3,09
Transportation and telecommunication	146.265	2,85	127.457	2,40
Financial Institutions	236.391	4,61	357.093	6,73
Real estate and renting services	533.096	10,39	118.977	2,24
Self-employment services	127.927	2,49	36.258	0,68
Education services	50.922	0,99	541	0,01
Health and social services	130.187	2,54	8.823	0,17
Other	85.741	1,67	110.559	2,08
Total	5.128.502	100,00	5.302.936	100,00
	Prior period			
	TL	(%)	FC	(%)
Agricultural	48.322	1,04	33.389	0,62
Farming and stockbreeding	20.888	0,45	27.688	0,51
Forestry	25.422	0,55	906	0,02
Fishery	2.012	0,04	4.795	0,09
Manufacturing	1.025.981	22,03	2.944.516	54,63
Mining	20.663	0,44	25.039	0,46
Production	650.808	13,98	2.435.225	45,19
Electricity, gas and water	354.510	7,61	484.252	8,98
Construction	1.375.102	29,54	641.315	11,90
Services	2.124.928	45,64	1.682.374	31,21
Wholesale and retail trade	981.935	21,09	763.206	14,16
Hotel, food and beverage services	43.723	0,94	133.179	2,47
Transportation and telecommunication	89.681	1,93	216.910	4,02
Financial Institutions	387.797	8,33	344.956	6,40
Real estate and renting services	406.294	8,73	143.681	2,67
Self-employment services	89.441	1,92	48.699	0,90
Education services	26.275	0,56	489	0,01
Health and social services	99.782	2,14	31.254	0,58
Other	81.502	1,75	88.268	1,64
Total	4.655.835	100,00	5.389.862	100,00

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	4.857.876	5.130.896	231.175	141.699
Letters of guarantee	4.828.965	3.449.486	230.683	139.468
Bank loans	-	14.463	-	-
Letters of credit	257	1.327.432	-	2.231
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	28.654	339.515	492	-

Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	4.255.685	4.354.920	350.505	1.016.629
Letters of guarantee	4.225.529	2.929.525	350.377	1.001.176
Bank loans	-	39.338	-	-
Letters of credit	7.852	1.215.649	128	5.986
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	22.304	170.408	-	9.467

2. Explanations on derivative transactions:

	Derivative transactions according to purpose December 31, 2019	Derivative transactions according to purpose December 31, 2018
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	133.090	529.944
Currency Forwards-Purchases, sales	75.187	52.727
Currency Swaps-Purchases, sales	57.903	477.217
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)	133.090	529.944
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	133.090	529.944

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 15.655 (December 31, 2018: TL 4.440), 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

1. Information on profit share income:

a. Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans^(*)				
Short Term Loans	519.583	153.434	489.130	75.802
Medium and Long Term Loans	1.564.851 ^(**)	550.248	1.519.924	467.971
Profit Share on Non-Performing Loans	186.228	4.238	97.880	544
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	2.270.662	707.920	2.106.934	544.317

^(*) Includes fees and commission income on cash loans.

^(**) Total TL 189.496 is the accrued profit from profit and loss investments and TL 155.234 of this profit is fair value profit.

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	23.076	28.821	18.673	39.884
Domestic Banks	539	1.734	83	1.857
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	23.615	30.555	18.756	41.741

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	540	5.072	384	450
Financial assets measured at fair value through other comprehensive income	105.919	67.568	119.416	27.547
Financial assets measured at amortised cost	82.866	25.715	87.617	-
Total	189.325	98.355	207.417	27.997

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	13.849	3.984	16.414	3.571
Total	13.849	3.984	16.414	3.571

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

2. Explanations on profit share expenses:

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

Current Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	89	291	-	-	-	-	-	380	
Real persons' non-trading profit sharing accounts	326.988	564.381	19.969	-	3.685	61.664	1.731	978.418	
Public sector profit sharing accounts	10	28	-	-	-	-	-	38	
Commercial sector profit sharing accounts	40.606	228.752	25.322	-	9.645	18.726	7	323.058	
Other institutions profit sharing accounts	3.322	27.249	1.920	-	1.492	761	-	34.744	
Total	371.015	820.701	47.211	-	14.822	81.151	1.738	1.336.638	
FC									
Banks	3.554	13.640	5.570	-	-	-	-	22.764	
Real persons' non-trading profit sharing accounts	58.252	103.966	7.933	-	633	20.261	11	191.056	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	7.613	33.980	1.440	-	179	389	-	43.601	
Other institutions profit sharing accounts	608	3.808	126	-	-	1	-	4.543	
Precious metals deposits	479	2.423	78	-	66	243	1	3.290	
Total	70.506	157.817	15.147	-	878	20.894	12	265.254	
Grand total	441.521	978.518	62.358	-	15.700	102.045	1.750	1.601.892	

Prior Period	Profit sharing accounts						Accumulated profit sharing account	Total
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		
TL								
Funds collected from banks through current and profit sharing accounts	-	58	-	-	-	-	-	58
Real persons' non-trading profit sharing accounts	285.189	500.069	14.847	-	3.496	53.235	1.067	857.903
Public sector profit sharing accounts	16	101	-	-	-	-	-	117
Commercial sector profit sharing accounts	33.204	170.298	6.447	-	1.078	5.813	3	216.843
Other institutions profit sharing accounts	3.831	18.679	1.582	-	143	735	-	24.970
Total	322.240	689.205	22.876	-	4.717	59.783	1.070	1.099.891
FC								
Banks	9.260	13.456	2.252	-	14	-	-	24.982
Real persons' non-trading profit sharing accounts	42.374	85.540	6.476	-	614	17.991	1	152.996
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	5.029	36.210	693	-	481	244	-	42.657
Other institutions profit sharing accounts	1.650	6.210	158	-	-	1	-	8.019
Precious metals deposits	1.168	7.068	346	-	120	561	1	9.264
Total	59.481	148.484	9.925	-	1.229	18.797	2	237.918
Grand total	381.721	837.689	32.801	-	5.946	78.580	1.072	1.337.809

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

2. Explanations on profit share expenses (continued):

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	2.435	51.888	22.307	93.649
CBRT	-	-	-	-
Domestic banks	-	6.133	-	8.717
Foreign banks	2.435	45.755	22.307	84.932
Head offices and branches abroad	-	-	-	-
Other institutions	476.539	218.580	158.077	278.620
Total	478.974	270.468	180.384	372.269

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	466.521	62.095	155.649	122.813
Total	466.521	62.095	155.649	122.813

ç. Profit share expenses paid to marketable securities issued:

None (December 31, 2018: None).

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	76.369	52.460
Clearing room fees and commissions	57.625	39.837
Commissions on money orders	20.362	12.144
Appraisal fees	10.706	9.536
Insurance and brokerage commissions	19.579	12.878
Checks and bills commissions	3.591	3.218
Safe deposit box commissions	2.164	1.992
Advocacy service commissions	4.726	6.152
Service pack commissions	15.171	10.263
Enquiry fees received	3.304	1.112
Fees and commissions from correspondent banks	3.039	1.704
Export credit commissions	3.682	2.089
Prepaid import commissions	13.339	7.954
Other	38.256	17.258
Total	271.913	178.597

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	13.416	33.459
Credit cards fees and commissions	21.057	13.947
Member firm-POS fees and commissions	28.572	23.084
Fees and commissions for Swift, EFT and money orders	22.088	14.872
Other	10.092	9.235
Total	95.225	94.597

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

4. Information on dividend income:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Other	-	-	177	-
Total	-	-	177	-

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

	Current Period	Prior Period
Income	11.200.294	12.703.076
Income from capital market transactions	165.191	53.843
Income from derivative financial instruments	88.113	40.751
Foreign exchange income	10.946.990	12.608.482
Loss (-)	10.876.585	12.344.261
Loss on capital market transactions	3.014	4.402
Loss on derivative financial instruments	110.105	66.982
Foreign exchange losses	10.763.466	12.272.877
Trading Income/Loss (net)	323.709	358.815

6. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	456.494	314.306
Income from sale of assets	36.332	28.365
Communication revenue	11.688	7.112
Reversal of vacation pay expenses provision	-	-
Cheque book charges	1.866	1.502
Operating Lease Income	10.005	4.699
Other income	26.699(*)	4.634
Total	543.084	360.618

(*) The balance includes TL 12.562 income arising from derivative's accounting and subjection to corporate income tax in the prior periods (this amount is deducted from banking and insurance transaction payable tax), TL 1.520 is the income deducted from banking and insurance transaction payable tax related to investment allowances.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

7. Informations on Expected Credit Losses:

	Current Period	Prior Period
Expected Credit Loss	706.313	582.494
12 month expected credit loss (stage 1)	47.570	29.198
Significant increase in credit risk (stage 2)	25.288	130.997
Non-performing loans (stage 3)	633.455	422.299
Marketable Securities Impairment Expense	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other (*)	67.683	25.342
Total	773.996	607.836

Expected credit losses amount to TL 773.996 (December 31, 2018: TL 607.836) includes TL 286.461 (December 31, 2018: TL 201.695) representing participation account share of expected credit losses of loans provided from participation accounts.

(*) Details of the "other" amount is as follows:

	Current Period	Prior Period
Expected credit losses for 1st and 2nd group non-cash loans	5.276	6.132
Third stage expected loss provision for unindemnified non cash loans	2.330	2.567
Expected credit losses (stage 1) for banks	228	15.973
Profit and loss sharing investments' fair value provision.	59.028	-
Expected credit losses (stage 1) for other financial assets.	-	439
Expected credit losses for financial assets measured at amortized cost	821	231
Total	67.683	25.342

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	10.098	8.632
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	98.993	38.099
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	17.809	18.661
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	148	210.940
Other business expenses	151.289	218.096
<i>Leasing Expenses on TFRS 16 Exceptions</i>	3.067	-
<i>Operating Lease Expenses</i>	-	89.241
<i>Maintenance and repair expenses</i>	23.186	15.216
<i>Advertisement expenses</i>	13.863	24.204
<i>Other expenses^(*)</i>	111.173	89.435
Loss on sale of assets	1.361	273
Other ^(**)	165.180	127.615
Total	444.878	622.316

^(*) The details of the "Other Expenses" balance under Other Operating Expenses are as follows:

	Current Period	Prior Period
Communication Expenses	26.017	17.487
Donations	8.061	10.071
Cleaning expenses	18.029	14.722
Heating, lighting and water expenses	14.569	10.179
Representation and Hosting expenses	9.097	7.865
Vehicle expenses	6.621	6.264
Lawsuit and court expenses	2.962	3.374
Movables Insurance Expenses	4.504	3.290
Stationery Expenses	3.257	2.733
Expense Share for Common Expenses	2.850	2.087
Group transportation costs	5.089	5.449
Other	10.117	5.914
Total	111.173	89.435

^(**) Details of "other" balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	77.345	45.377
Taxes, Duties, Charges and Funds	48.849	37.954
Expertise and Information Expenses	10.687	8.358
Audit and Consultancy Fees	15.471	21.255
Institution and Union participation share	10.690	6.742
Other	2.138	7.929
Total	165.180	127.615

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

9. Explanations on income/loss from continued 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 decreased by 52% compared to prior period and is realized as TL 87.293 (December 31, 2018: TL 168.495). Income before tax comprises net profit share income in the amount of TL 823.230 (December 31, 2018: TL 1.019.559) and fees and commission income in the amount of TL 299.829 (December 31, 2018: TL 198.153). Total other operating expenses amount to TL 444.878 (December 31, 2018: TL 622.316).

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, 2019, the Bank has deferred tax income amounts to TL 201.397 (December 31, 2018: 139.898) and deferred tax expense amounts to TL 220.539 (December 31, 2018: TL 171.354). Current tax provision is TL 4.722 (December 31, 2018: TL 3.071).

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 87.293 (December 31, 2018: TL 168.495) by deducting tax provision expense amounting to TL 23.864 (December 31, 2018: TL 34.527) from profit from continued operations amounting to TL 63.429 (December 31, 2018: TL 133.968).

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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 91.345 increase (before deferred tax) has occurred after the revaluation of financial assets measured at fair value through other comprehensive income (December 31, 2018: TL 15.778 decrease).
- 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 15.949 as increase. (December 31, 2018: TL 36.000 increase).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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	2.692.092	2.001.123
Cash in TL/foreign currency	823.466	365.436
Cash in transit	831.066	863.141
CBRT	1.037.560	772.546
Cash equivalents	4.416.479	888.600
Domestic banks	3.458.942	342.727
Foreign banks	957.537	545.873
Total cash and cash equivalents	7.108.571	2.889.723

(b) Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	4.027.884	2.692.092
Cash in TL/foreign currency	1.022.107	823.466
Cash in transit	558.717	831.066
CBRT	2.447.060	1.037.560
Cash equivalents	3.154.582	4.416.479
Domestic banks	910.035	3.458.942
Foreign banks	2.244.547	957.537
Total cash and cash equivalents	7.182.466	7.108.571

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

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

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

The “Others” item under “Operating profit before changes in operating assets and liabilities” amounting to TL 175.506 (December 31, 2018: TL 820.687) 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 366.892 (December 31, 2018: TL 483.446) 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 235.821 as of December 31, 2018 (December 31, 2018: TL 290.406).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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	1	5	173.457	32.410	19	-
Balance at the end of the period	53	5	632.926	27.308	27	-
Profit share and commission income received	-	-	10.157	195	-	-

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	-	-	118.658	22.039	106	-
Balance at end of period	1	5	173.457	32.410	19	-
Profit share and commission income received	-	-	7.288	66	-	-

^(*) 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.

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	21.495	15.395	604.631	602.289	7.106	4.801
Balance at the end of period	20.935	21.495	831.442	604.631	11.073	7.106
Profit share expense	2.380	1.017	8.859	5.542	381	234

^(*) As of December 31, 2019 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 34.002.557 and EUR 65.082.069 (December 31, 2018: USD 31.856.532 and EUR 122.404.261). The profit share expense relating to such borrowings for the period between January 1, 2019 – December 31, 2019 is TL 12.346 (December 31, 2018: TL 19.406). The Bank has issued Sukuk in the amount of TL 2.690.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Bank. The total expenses for the related issues are TL 526.768 as of December 31, 2019 (Includes also USD 350.000.000 of which the principal was paid and paid off in June 2019) (December 31, 2018: TL 277.503).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. Explanations related to the risk group of the Bank (continued):

USD 155 million of the additional Tier I capital amounting to USD 205 million, which was realized on February 20, 2018, belongs to Albaraka Banking 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, 2019, the Bank has paid TL 16.429 (December 31, 2018: TL 18.155) 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			
Domestic Branches	228	3.771			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	2	20	Irak	656.918	30.510.625.954 Iraqi Dinar
Off-Shore Branches	-	-	-	-	-

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

The Bank has opened 1 domestic branch and 1 foreign branch, has closed 2 domestic branches in 2019 in different regions.

IX. Explanations related to subsequent events:

None.

X. Other Explanations

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION SIX

Independent Auditors' report

I. Explanations on independent audit report:

The Bank's unconsolidated financial statements as of and for the period ended December 31, 2019 have been audited by "Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." (the member of the Ernst & Young Global Ltd.) and the audit report dated December 31, 2019 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.

ALBARAKA TRK KATILIM BANKASI ANONİM ŐİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS
AND RELATED DISCLOSURES AT DECEMBER 31, 2019
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

*(Convenience translation of the independent auditors' report and
financial statements originally issued in Turkish – see section three Note I.b)*



Güney Bağımsız Denetim ve SMMM A.Ş.
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**Convenience Translation of the Independent Auditor's Report originally issued in Turkish
(See Note 1.b of Section Three)**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Albaraka Türk Katılım Bankası A.Ş

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Albaraka Türk Katılım Bankası A.Ş. (the "Bank") and its subsidiaries (together will be referred as "the Group"), which comprise the statement of consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2019 and financial performance and consolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Bank as at 31 December 2018 was audited by another audit firm, which expressed an unqualified opinion in their report issued on 7 March 2019.

Key Audit Matters

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



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

Key Audit Matter	How the matter is addressed in our audit
<p><i>Financial impact of IFRS 9 "Financial Instruments" standard and recognition of impairment on financial assets and related important disclosures</i></p> <p>We considered the impact of IFRS 9 to the financial Statements which outlines the expected credit loss calculations of financial assets as a key audit matter due to:</p> <ul style="list-style-type: none"> - Amount of on and off balance sheet items that are subject to expected credit loss calculation is material to the financial statements. - There are complex and comprehensive requirements of TFRS 9. - Policies implemented by the Group management regarding expected credit loss calculation include compliance risk to the regulations and other practices. - New or re-structured processes of TFRS 9 are advanced and complex. - Judgements and estimates used in expected credit loss calculation are new, complex and comprehensive - Disclosure requirements of TFRS 9 are comprehensive and complex. 	<p>Our audit procedures included among others include:</p> <ul style="list-style-type: none"> - Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Group's past experience, local and global practices. - Reviewing and testing of new or re-structured processes and systems which are used for the calculation of expected credit losses by involving our IT and Process audit specialists. - Evaluating the reasonableness of management's key judgements, estimates and data sources used in expected credit loss calculations considering the standard requirements, sectorial, local and global practices. - Involving financial risk management specialists to assess the appropriateness of definition of significant increase in credit risk, default criteria, modification, probability of default, loss given default, exposure at default and forward looking assumptions together with the significant judgements and estimates used in these calculations to regulations and Group's past performance and evaluating the alignment of those forward looking parameters to Group's internal processes. - Assessing the completeness and the accuracy of the data used for expected credit loss calculation. - Testing the mathematical accuracy of expected credit loss calculation on sampling basis. - Evaluating the accuracy and the necessity of post-model adjustments.



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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- In order to provide an opinion on consolidated financial statements, adequate and appropriate audit evidence is obtained about the financial information of the operating segments and entities in the Group. We are responsible for directing, supervising and conducting the Group audit. We are also responsible for the audit opinion that we provide by ourselves.

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

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

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



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

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2019 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

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

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

Additional paragraph for convenience translation to English

As explained in detail in Note 1.b. of Section Three, accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



March 2, 2020
İstanbul, Türkiye



**CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR YEAR ENDED DECEMBER 31, 2019**

Parent Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdenez Cad. No: 6
34768 Ümraniye/İstanbul
Parent Bank's phone number and facsimile : 00 90 216 666 01 01 – 00 90 216 666 16 00
Parent 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 FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITORS' REPORT

Investments in subsidiaries, real estate investment funds, venture capital investment funds, security funds, joint ventures and associates whose financial statements have been consolidated in this consolidated financial report are as follows:

	Subsidiaries	Real Estate Investment Funds	Venture Capital Investment Funds	Security Funds	Joint Ventures	Associates
1.	Bereket Varlık Kiralama A.Ş.	Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)	Katılım Emeklilik ve Hayat A.Ş.	-
2.	Albaraka Portföy Yönetimi A.Ş.	Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	-	-
3.	Insha Gmbh	Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	-	Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	-	-
4.	-	Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	-	Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu	-	-

Bereket One Ltd and Albaraka Sukuk Ltd, which are not a 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, Banking Regulation and Supervision Agency regulations, 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.

March 2, 2020

Adnan Ahmed Yusuf ABDULMALEK	Melikşah UTKU	Mustafa ÇETİN	Kemaleddin DİLBAZ
Chairman of the Board of Directors	General Manager	Assistant General Manager	Financial Reporting Manager

Mustafa BİLİR KABACI	Süleyman KALKAN	Mehmet ASUTAY
Chairman of the Audit Committee	Member of the Audit Committee	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 / Vice Manager
Telephone : 00 90 216 666 05 59
Facsimile : 00 90 216 666 16 11

Table of contents

	Page
Section One	
General information	
I. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status	238
II. Shareholding structure, shareholders having direct or indirect, joint or individual control over the management and supervision of the Parent Bank and disclosures on related changes in the current year, if any	238
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	239
IV. Information on the Parent Bank's qualified shareholders	239
V. Summary on the Parent Bank's service activities and field of operations	240
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	240
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	241
Section Two	
The consolidated financial statements	
I. Consolidated balance sheet (Statement of financial position)	243
II. Consolidated statement of off-balance sheet	245
III. Consolidated statement of profit or loss	246
IV. Consolidated statement of profit or loss and other comprehensive income	247
V. Consolidated statement of changes in shareholders' equity	248
VI. Consolidated statement of cash flows	250
VII. Consolidated statement of profit appropriation	251
Section Three	
Accounting policies	
I. Explanations on basis of presentation	252
II. Explanations on strategy of using financial instruments and foreign currency transactions	253
III. Information on consolidated associates	254
IV. Explanations on forward, option contracts and derivative instruments	257
V. Explanations on profit share income and expenses	257
VI. Explanations on fees, commission income and expenses	257
VII. Explanations on financial assets	258
VIII. Explanations on expected credit losses	260
IX. Explanations on offsetting of financial instruments	261
X. Explanations on sale and repurchase agreements and lending of securities	261
XI. Explanations on assets held for sale and discontinued operations and liabilities related to these assets	262
XII. Explanations on goodwill and other intangible assets	262
XIII. Explanations on tangible assets	263
XIV. Explanations on investment property	264
XV. Explanations on leasing transactions	264
XVI. Explanations on provisions and contingent liabilities	265
XVII. Explanations on liabilities regarding employee rights	266
XVIII. Explanations on taxation	266
XIX. Additional explanations on borrowings	268
XX. Explanations on issued share certificates	268
XXI. Explanations on acceptances and availed drafts	268
XXII. Explanations on government grants	268
XXIII. Explanations on segment reporting	268
XXIV. Explanations on other matters	268

Section Four**Information on consolidated financial structure and risk management of the Group**

I.	Explanations on consolidated capital adequacy standard ratio	269
II.	Explanations on consolidated credit risk	273
III.	Explanations on risks including countercyclical capital buffer calculation	279
IV.	Explanations on consolidated currency risk	279
V.	Explanations on consolidated position risk of equity securities in banking book	281
VI.	Explanations on consolidated liquidity risk	281
VII.	Explanations on consolidated leverage ratio	286
VIII.	Explanations on presentation of consolidated financial assets and liabilities at fair values	287
IX.	Explanations regarding the activities carried out on behalf and account of other persons	289
X.	Explanations on consolidated risk management	289
XI.	Explanations on consolidated business segments	309

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

I.	Explanations and notes related to consolidated assets	310
II.	Explanations and notes related to consolidated liabilities	332
III.	Explanations and notes related to consolidated off- balance sheet	340
IV.	Explanations and notes related to consolidated statement of profit or loss	343
V.	Explanations and notes related to consolidated statements of changes in shareholders' equity	349
VI.	Explanations and notes related to consolidated statement of cash flows	350
VII.	Explanations related to the risk group of the Parent Bank	351
VIII.	Explanations related to consolidated domestic, foreign and off-shore branches or investments and foreign representative offices	352
IX.	Explanations related to subsequent events	352
X.	Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification	352

Section Six**Independent Auditors' report**

I.	Explanations on independent auditors' report	353
II.	Other notes and explanations prepared by the independent auditors	353

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(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 Turkey 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 Turkey 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 228 (December 31, 2018: 229) local branches and 2 (December 31, 2018: 1) foreign branch and with 3.791 (December 31, 2018: 3.988) staff as of December 31, 2019. The Group has 3.811 (December 31, 2018: 4.005) staff as of December 31, 2019.

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, 2019, 54,06% (December 31, 2018: 54,06%) of the Parent Bank's shares are owned by Albaraka Banking Group located in Bahrain and 7,84% (December 31, 2018: 7,84%) owned by Islamic Development Bank, 25,25% (December 31, 2018: 25,22%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities. As of December 31, 2019, the Parent Bank has completed capital increase through rights issues and additional TL 450.000 has been represented under "other capital reserves" since the new capital has not been registered yet. After the registration, Albaraka Banking Group's share will be 36,29% on the issued capital amounts to TL 1.350.000.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(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):	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	^(*) 0,0000
Members of BOD:	Osman AKYÜZ	II. Chairman of BOD	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	^(*) 0,0000
	Hamad Abdulla A. ALOQAB	Member of BOD	Bachelor	^(*) 0,0000
	Fahad Abdullah A. ALRAJHI	Member of BOD	Bachelor	^(*) 0,0000
	Süleyman KALKAN	Member of BOD	Bachelor	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Khaled Abdulla Mohamed ATEEQ	Member of BOD	Doctorate	-
	Prof. Dr. Mehmet ASUTAY	Member of BOD	Doctorate	-
	Wasim Ahmed ABDULWAHAB ^(**)	Member of BOD	Master	-
	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Muhammad Zarrug M. RAJAB	Independent Member of BOD	Bachelor	-
General Manager:	Melikşah UTKU	Member of BOD/General Manager	Master	-
Assistant General Managers:	Turgut SİMİTCİOĞLU	Assistant General Manager Responsible for Credit Risks	Master	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance and Strategy	Bachelor	-
	Nevzat BAYRAKTAR ^(***)	Assistant General Manager Responsible for Sales	Bachelor	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Marketing	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Credits	Master	-
	Volkan Evcil	Assistant General Manager Responsible Central Operations	Bachelor	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
	Süleyman ÇELİK (Deputy)	Assistant General Manager Responsible for Information Technologies	Bachelor	-
Chief Legal Consultancy	Hasan AVŞAR	Chief Legal Consultant	Bachelor	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Süleyman KALKAN	Member of Audit Committee	Bachelor	-
	Prof. Dr. Mehmet ASUTAY	Member of Audit Committee	Doctorate	-

^(*) The share amounts of these persons are between TL 1-10 (full).

^(**) Resigned on January 22, 2020.

^(***) Resigned on February 14, 2020.

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0000% of the Parent Bank's share capital (December 31, 2018: 0,0000%).

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

The Parent Bank's paid in capital amounting to TL 900.000 consists of 900.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 486.523 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 Banking Group	486.523	54,06% ^(*)	486.523	-

^(*) Shares purchased by the Parent Albaraka Banking Group from Stock Exchange is not included. Related share rate and paid up shares are valid before the capital increase through rights issues completed in December 2019. Since the capital has not been registered yet, the share rates and paid up shares are represented taking the balance sheet balance (TL 900.000) as reference and base. After the registration, Albaraka Banking Group's share will be 36,29% on the issued capital amounts to TL 1.350.000.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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, Güneş Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Avivasa Emeklilik Hayat, as an insurance agency on behalf of Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim 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, which 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.

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 Parent Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. through equity method considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. Natura Gıda Sanayi ve Ticaret A.Ş., which is an subsidiary of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, Inooster Bilgi Teknolojileri A.Ş. and Pedudi Bilişim Teknolojileri A.Ş., Tam Entegre Yazılım A.Ş. and Kronnika Bilgi Teknolojileri A.Ş. which are associates of "Fintech Girişim Sermayesi Yatırım Fonu" controlled by Parent Bank have not been consolidated since they are non-financial subsidiaries and associates, respectively. The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Insha GmbH, Albaraka Portföy Yönetimi A.Ş. the subsidiaries of the Parent Bank, through equity method and full consolidation method, respectively. Bereket One Ltd, and Albaraka Sukuk Ltd, which are not subsidiaries of the Parent Bank but over which the Parent Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity". Real Estate Investment Funds "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Değer Girişim

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(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 (continued):

Sermayesi Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu” and other security (investment) funds controlled by the Parent Bank have been consolidated as well.

Due to non-financial partnership, “Albaraka Kültür Sanat ve Yayıncılık A.Ş.” and “Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş.” which are the subsidiaries of the Parent Bank, have not been consolidated.

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Audited			Audited		
		CURRENT PERIOD December 31, 2019			PRIOR PERIOD December 31, 2018		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		3.467.753	12.065.923	15.533.676	2.035.734	10.169.782	12.205.516
1.1 Cash and Cash Equivalents	(1)	2.519.444	10.453.621	12.973.065	1.315.576	9.803.977	11.119.553
1.1.1 Cash and Balances with Central Bank		1.426.702	7.369.207	8.795.909	509.720	5.408.661	5.918.381
1.1.2 Banks		1.109.920	3.084.627	4.194.547	822.730	4.395.605	5.218.335
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4 Expected Credit Losses (-)		17.178	213	17.391	16.874	289	17.163
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	134.498	437.979	572.477	10.472	1.997	12.469
1.2.1 Government Securities		99.148	435.174	534.322	834	-	834
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		35.350	2.805	38.155	9.638	1.997	11.635
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	813.673	1.174.064	1.987.737	708.176	363.808	1.071.984
1.3.1 Government Securities		813.658	1.150.767	1.964.425	708.161	350.353	1.058.514
1.3.2 Equity Securities		15	23.297	23.312	15	13.455	13.470
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(5)	138	259	397	1.510	-	1.510
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		138	259	397	1.510	-	1.510
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		16.998.174	14.745.234	31.743.408	16.594.878	10.208.617	26.803.495
2.1 Loans	(6)	17.019.728	13.617.465	30.637.193	16.796.658	10.265.568	27.062.226
2.2 Lease Receivables	(7)	227.356	16.322	243.678	375.304	4.250	379.554
2.3 Financial Assets Measured at Amortised Cost	(4)	638.021	1.356.298	1.994.319	618.506	-	618.506
2.3.1 Government Securities		638.021	1.296.462	1.934.483	618.506	-	618.506
2.3.2 Other Financial Assets		-	59.836	59.836	-	-	-
2.4 Expected Credit Losses (-)	(6)	886.931	244.851	1.131.782	1.195.590	61.201	1.256.791
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	124.196	284	124.480	648.970	718	649.688
3.1 Asset Held for Resale		124.196	284	124.480	648.970	718	649.688
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	286.470	-	286.470	99.571	-	99.571
4.1 Associates (Net)		8.258	-	8.258	71.647	-	71.647
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		8.258	-	8.258	71.647	-	71.647
4.2 Subsidiaries (Net)		240.236	-	240.236	3.540	-	3.540
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		240.236	-	240.236	3.540	-	3.540
4.3 Joint Ventures (Net)		37.976	-	37.976	24.384	-	24.384
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		37.976	-	37.976	24.384	-	24.384
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(10)	1.496.680	19.905	1.516.585	655.238	219	655.457
VI. INTANGIBLE ASSETS (Net)	(11)	30.538	5.272	35.810	31.422	5.312	36.734
6.1 Goodwill		-	3.970	3.970	-	4.000	4.000
6.2 Others		30.538	1.302	31.840	31.422	1.312	32.734
VII. INVESTMENT PROPERTY (Net)	(12)	1.419.315	-	1.419.315	1.074.667	-	1.074.667
VIII. CURRENT TAX ASSET		1.231	-	1.231	3.992	-	3.992
IX. DEFERRED TAX ASSET	(13)	166.345	-	166.345	169.474	-	169.474
X. OTHER ASSETS	(14)	397.149	251.499	648.648	481.598	41.755	523.353
TOTAL ASSETS		24.387.851	27.088.117	51.475.968	21.795.544	20.426.403	42.221.947

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the formats of the financial statements have been changed. Based on this change, the prior year financial statements are republished in order to be consistent with the current period financial statements.

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Audited			Audited		
		CURRENT PERIOD December 31, 2019			PRIOR PERIOD December 31, 2018		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	14.672.926	25.066.274	39.739.200	11.695.466	16.843.865	28.539.331
II. FUNDS BORROWED	(2)	100.219	1.691.379	1.791.598	220.698	3.168.852	3.389.550
III. BORROWINGS FROM MONEY MARKETS		18.237	-	18.237	771.957	-	771.957
IV. SECURITIES ISSUED (Net)	(3)	2.519.419	-	2.519.419	1.405.143	1.753.909	3.159.052
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(4)	504	345	849	1.545	-	1.545
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		504	345	849	1.545	-	1.545
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(5)	287.755	12.905	300.660	-	-	-
VIII. PROVISIONS	(6)	134.069	1.627	135.696	90.111	769	90.880
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		100.138	-	100.138	73.897	-	73.897
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		33.931	1.627	35.558	16.214	769	16.983
IX. CURRENT TAX LIABILITY	(7)	69.726	4.874	74.600	55.407	3.181	58.588
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)	-	1.375.164	1.375.164	-	1.204.297	1.204.297
12.1 Loans		-	1.375.164	1.375.164	-	1.204.297	1.204.297
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(10)	1.281.404	207.875	1.489.279	1.380.164	75.001	1.455.165
XIV. SHAREHOLDERS' EQUITY	(11)	3.995.233	36.033	4.031.266	3.557.148	(5.566)	3.551.582
14.1 Paid-In Capital		900.000	-	900.000	900.000	-	900.000
14.2 Capital Reserves		1.344.905	-	1.344.905	845.976	-	845.976
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		1.344.905	-	1.344.905	845.976	-	845.976
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		243.404	-	243.404	234.708	-	234.708
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		76.995	36.033	113.028	33.499	(5.566)	27.933
14.5 Profit Reserves		1.430.839	-	1.430.839	1.301.198	-	1.301.198
14.5.1 Legal Reserves		136.641	-	136.641	134.313	-	134.313
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.294.198	-	1.294.198	1.166.885	-	1.166.885
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(158.346)	-	(158.346)	(20.297)	-	(20.297)
14.6.1 Prior Years Profit/(Loss)		(248.391)	-	(248.391)	(178.311)	-	(178.311)
14.6.2 Current Year Profit/(Loss)		90.045	-	90.045	158.014	-	158.014
14.7 Minority Shares		157.436	-	157.436	262.064	-	262.064
TOTAL LIABILITIES		23.079.492	28.396.476	51.475.968	19.177.639	23.044.308	42.221.947

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the formats of the financial statements have been changed. Based on this change, the prior year financial statements are reprepared in order to be consistent with the current period financial statements.

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited			Audited		
		CURRENT PERIOD December 31, 2019			PRIOR PERIOD December 31, 2018		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		6.884.242	5.792.399	12.676.641	6.476.432	5.967.594	12.444.026
I. GUARANTEES AND SURETIES	(1)	5.128.502	5.302.936	10.431.438	4.655.835	5.389.862	10.045.697
1.1. Letters of Guarantees		5.099.099	3.619.295	8.718.394	4.625.551	3.949.014	8.574.565
1.1.1. Guarantees Subject to State Tender Law		697.926	62.581	760.507	569.981	58.456	628.437
1.1.2. Guarantees Given for Foreign Trade Operations		15	835.718	835.733	399	966.333	966.732
1.1.3. Other Letters of Guarantee		4.401.158	2.720.996	7.122.154	4.055.171	2.924.225	6.979.396
1.2. Bank Loans		-	14.463	14.463	-	39.338	39.338
1.2.1. Import Letter of Acceptances		-	14.463	14.463	-	39.338	39.338
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		257	1.329.663	1.329.920	7.980	1.221.635	1.229.615
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		257	1.329.663	1.329.920	7.980	1.221.635	1.229.615
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	339.515	339.515	-	170.661	170.661
1.7. Other Collaterals		29.146	-	29.146	22.304	9.214	31.518
II. COMMITMENTS	(1)	1.722.506	389.607	2.112.113	1.553.305	315.080	1.868.385
2.1. Irrevocable Commitments		1.722.506	389.607	2.112.113	1.553.305	315.080	1.868.385
2.1.1. Asset Purchase and Sale Commitments		47.797	389.607	437.404	161.878	315.080	476.958
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		262.517	-	262.517	215.439	-	215.439
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		631.606	-	631.606	537.673	-	537.673
2.1.7. Tax And Fund Liabilities from Export Commitments		10.381	-	10.381	6.906	-	6.906
2.1.8. Commitments for Credit Card Expenditure Limits		769.342	-	769.342	630.690	-	630.690
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		335	-	335	332	-	332
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		528	-	528	387	-	387
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	33.234	99.856	133.090	267.292	262.652	529.944
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		33.234	99.856	133.090	267.292	262.652	529.944
3.2.1. Forward Foreign Currency Buy/Sell Transactions		33.234	41.953	75.187	27.630	25.097	52.727
3.2.1.1. Forward Foreign Currency Transactions-Buy		27.547	10.149	37.696	27.630	-	27.630
3.2.1.2. Forward Foreign Currency Transactions-Sell		5.687	31.804	37.491	-	25.097	25.097
3.2.2. Other Forward Buy/Sell Transactions		-	57.903	57.903	239.662	237.555	477.217
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		72.616.853	16.137.385	88.754.238	68.732.410	13.762.534	82.494.944
IV. ITEMS HELD IN CUSTODY		3.812.406	3.053.641	6.866.047	2.380.394	2.083.413	4.463.807
4.1. Assets Under Management		1.522.915	-	1.522.915	393.768	-	393.768
4.2. Investment Securities Held in Custody		72	26.320	26.392	72	4.118	4.190
4.3. Cheques Received for Collection		1.480.111	285.800	1.765.911	1.448.653	225.232	1.673.885
4.4. Commercial Notes Received for Collection		543.651	76.306	619.957	494.993	50.417	545.410
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		210.617	341.146	551.763	9.316	356.885	366.201
4.8. Custodians		54.937	2.324.069	2.379.006	33.489	1.446.761	1.480.250
V. PLEDGED ITEMS		68.804.447	13.083.744	81.888.191	66.352.016	11.679.121	78.031.137
5.1. Marketable Securities		10.007.092	3.875.114	13.882.206	10.540.645	3.388.191	13.928.836
5.2. Guarantee Notes		1.223.615	193.710	1.417.325	1.099.082	155.984	1.255.066
5.3. Commodity		3.520.395	1.194.171	4.714.566	2.097.532	926.359	3.023.891
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		51.035.646	5.913.841	56.949.487	49.073.908	5.963.148	55.037.056
5.6. Other Pledged Items		2.763.503	1.898.042	4.661.545	3.307.628	1.240.217	4.547.845
5.7. Pledged Items-Depository		254.196	8.866	263.062	233.221	5.222	238.443
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		79.501.095	21.929.784	101.430.879	75.208.842	19.730.128	94.938.970

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	Audited CURRENT PERIOD January 1- December 31, 2019	Audited PRIOR PERIOD January 1- December 31, 2018
I.	PROFIT SHARE INCOME	(1)	3.308.530	3.000.503
1.1	Profit Share on Loans		2.960.036	2.651.251
1.2	Income Received from Reserve Deposits		51.897	58.557
1.3	Income Received from Banks		2.273	2.591
1.4	Income Received from Money Market Placements		-	-
1.5	Income Received from Marketable Securities Portfolio		270.472	215.528
1.5.1	Financial Assets at Fair Value Through Profit and Loss		6.237	933
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		155.654	126.978
1.5.3	Financial Assets Measured at Amortised Cost		108.581	87.617
1.6	Finance Lease Income		20.202	70.404
1.7	Other Profit Share Income		3.650	2.172
II.	PROFIT SHARE EXPENSE	(2)	2.462.446	1.959.225
2.1	Expense on Profit Sharing Accounts		1.594.918	1.336.163
2.2	Profit Share Expense on Funds Borrowed		222.674	275.150
2.3	Profit Share Expense on Money Market Borrowings		103.162	103.864
2.4	Profit Share Expense on Securities Issued		475.134	238.195
2.5	Finance Lease Expense		59.485	-
2.6	Other Profit Share Expense		7.073	5.853
III.	NET PROFIT SHARE INCOME (I – II)		846.084	1.041.278
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		299.245	197.508
4.1	Fees and Commissions Received		394.901	292.525
4.1.1	Non-Cash Loans		123.572	114.573
4.1.2	Other	(3)	271.329	177.952
4.2	Fees and Commissions Paid		95.656	95.017
4.2.1	Non-Cash Loans		431	420
4.2.2	Other	(3)	95.225	94.597
V.	DIVIDEND INCOME	(4)	-	177
VI.	TRADING INCOME/LOSS(net)	(5)	224.827	305.666
6.1	Capital Market Transaction Income/(Loss)		63.296	(3.708)
6.2	Profit/(Loss) from Derivative Financial Instruments		(21.992)	(26.231)
6.3	Foreign Exchange Income/(Loss)		183.523	335.605
VII.	OTHER OPERATING INCOME	(6)	724.444	470.773
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)		2.094.600	2.015.402
IX.	EXPECTED CREDIT LOSS (-)	(7)	773.996	607.836
X.	OTHER PROVISION EXPENSES (-)		16.411	2.690
XI.	PERSONNEL EXPENSES (-)		675.898	539.998
XII.	OTHER OPERATING EXPENSES (-)	(8)	517.797	662.392
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		110.498	202.486
XIV.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XV.	PROFIT/(LOSS) ON EQUITY METHOD		13.963	7.437
XVI.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(9)	124.461	209.923
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	27.682	36.688
18.1	Provision for Current Taxes		8.535	5.237
18.2	Deferred Tax Expense Effect (+)		220.539	171.354
18.3	Deferred Tax Income Effect (-)		201.392	139.903
XIX.	NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(11)	96.779	173.235
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 (XXI-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)	96.779	173.235
25.1	Group's Income/Loss		90.045	158.014
25.2	Minority Shares Profit/Loss (-)		6.734	15.221
	Earnings Per Share		0,10	0,18

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the formats of the financial statements have been changed. Based on this change, the prior year financial statements are reprepared in order to be consistent with the current period financial statements.

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited	Audited
	CURRENT PERIOD January 1- December 31, 2019	PRIOR PERIOD January 1- December 31, 2018
I. CURRENT PERIOD PROFIT/LOSS	96.779	173.235
II. OTHER COMPREHENSIVE INCOME	93.791	36.369
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	8.696	11.512
2.1.1 Revaluation Surplus on Tangible Assets	31.588	26.779
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(13.716)	(2.892)
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	(6.497)	(7.655)
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(2.679)	(4.720)
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	85.095	24.857
2.2.1 Translation Differences	16.782	36.025
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	87.581	(14.318)
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	(19.268)	3.150
III. TOTAL COMPREHENSIVE INCOME (I+II)	190.570	209.604

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)																	
CURRENT PERIOD (January 1 - December 31, 2019)																	
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves ⁽¹⁾	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			Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity	
						1	2	3	4	5	6						
I.	(V)	900.000	-	-	845.976	251.889	(17.181)	-	56.714	(28.781)	-	1.301.198	(178.311)	158.014	3.289.518	262.064	3.551.582
II.		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)	-	(17.304)
2.1.		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)	-	(17.304)
2.2.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.																	
Adjusted Balances at Beginning Of Period (I+II)		900.000	-	-	845.976	251.889	(17.181)	-	56.714	(28.781)	-	1.301.198	(195.615)	158.014	3.272.214	262.064	3.534.278
IV.																	
Total Comprehensive Income		-	-	-	-	-	-	-	-	-	-	-	-	90.045	183.836	6.734	190.570
V.		-	-	-	-	19.021	(10.325)	-	16.782	68.313	-	-	-	-	464.855	-	464.855
Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Reserves from Inflation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others Changes		-	-	-	34.074	-	-	-	-	-	-	(130)	(81.019) ^(**)	-	-	-	-
XI.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit Distribution		-	-	-	-	-	-	-	-	-	-	129.771	28.243	(158.014)	(47.075)	(111.362)	(158.437)
11.1		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	129.771	(129.771)	-	-	-	-
11.3		-	-	-	-	-	-	-	-	-	-	158.014	(158.014)	-	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+...+X+XI)		900.000	-	-	1.344.905	270.910	(27.506)	-	73.496	39.532	-	1.430.839	(248.391)	90.045	3.873.830	157.436	4.031.266

^(*) The Parent Bank has recognized perpetual 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 112.284 in February 2019 and August 2019, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 25.746, the deferred tax expense related to the payment has been recognized under "prior periods' profit / loss" as well.

^(***) Under "other capital reserves" the Bank has represented TL 450.000, the amount related to capital increase through rights issues which is completed but not registered as of December 2019 and premium on issued shares amount to TL 14.855

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 Redclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Redclassified 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, 2018
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)																				
PRIOR PERIOD (January 1 - December 31, 2018)								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				Total Equity Before Minority Shares	Minority Shares	Total 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 Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity			
I. Closing balance		(V)	900.000	-	-	431	238.121	(14.925)	-	20.689	(17.613)	-	1.113.454	(1.228)	250.239	2.489.168	156.047	2.645.215		
II. Correction made as per TAS 8			-	-	-	-	-	-	-	-	-	-	(152.480) ⁽¹⁾	-	-	(152.480)	-	(152.480)		
2.1. Effect of Corrections			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
2.2. Effect of Changes in Accounting Policies			-	-	-	-	-	-	-	-	-	-	(152.480)	-	-	(152.480)	-	(152.480)		
III. Adjusted Balances at Beginning Of Period (I+II)			900.000	-	-	431	238.121	(14.925)	-	20.689	(17.613)	-	1.113.454	(153.708)	250.239	2.336.688	156.047	2.492.735		
IV. Total Comprehensive Income			-	-	-	-	13.768	(2.256)	-	36.025	(11.168)	-	-	-	158.014	194.383	15.221	209.604		
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			-	-	-	775.720 ⁽²⁾	-	-	-	-	-	-	-	-	775.720	-	-	775.720		
XI. Profit Distribution			-	-	-	69.825	-	-	-	-	-	-	(42.098) ⁽³⁾	-	27.727	90.796	-	118.523		
11.1 Dividends			-	-	-	-	-	-	-	-	-	-	17.495	(250.239)	(45.000)	-	-	(45.000)		
11.2 Transfers to Reserves			-	-	-	-	-	-	-	-	-	-	(45.000)	-	(45.000)	-	-	(45.000)		
11.3 Others			-	-	-	-	-	-	-	-	-	-	(187.744)	(250.239)	-	-	-	-		
Balances at end of the period (III+IV...+X+XI)			900.000	-	-	845.976	251.889	(17.181)	-	56.714	(28.781)	-	1.301.198	(178.311)	158.014	3.289.518	262.064	3.551.582		

As stated in Note I of Section Three, the current period financial statements have been prepared by using accounting policies different from the accounting policies used in the preparation of the previous period financial statements, and the previous period financial statements and footnotes have not been rearranged. Previous period financial statements are presented separately in this report.

⁽¹⁾ Includes deferred tax asset for general provisions arising from equity and Parent banks shares amounting to TL 64.991 recognized under shareholders' equity for TFRS 9 adjustment. The adjustments have been done in the consolidated statement of changes in shareholders' equity as of December 31, 2018 (under prior periods' profit/loss and profit reserves) and related adjustments have been reflected in consolidated statement of changes in shareholders' equity as of September 30, 2018.

⁽²⁾ The Parent Bank has recognized unamortized additional Tier 1 capital amounting to USD 205,000,000 which is issued through "Bereket One Ltd" under "other capital reserves" as per TAS 32- "Financial Instruments- Presentation" standard.

⁽³⁾ The Parent Bank paid TL 60.051 in August, the coupon profit share of the unmatured additional Tier 1 sukuk, and has recognized it under previous years' profit / loss account.

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.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Audited CURRENT PERIOD January 1- December 31, 2019	Audited PRIOR PERIOD January 1- December 31, 2018
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		1.578.108	678.697
1.1.1 Profit Share Income Received		3.032.230	2.710.438
1.1.2 Profit Share Expense Paid		(1.620.675)	(1.292.384)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		271.913	178.597
1.1.5 Other Income		458.309	309.621
1.1.6 Collections from Previously Written Off Loans	(V-I-6,h2)	375.756	470.048
1.1.7 Payments to Personnel and Service Suppliers		(827.187)	(758.094)
1.1.8 Taxes Paid		(50.191)	(83.581)
1.1.9 Others	(V-VI-3)	(62.047)	(855.948)
1.2 Changes In Operating Assets And Liabilities		4.264.800	2.096.176
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(520.779)	(3.343)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(1.886.205)	(3.746.875)
1.2.3 Net (Increase) Decrease in Loans		(3.887.979)	416.434
1.2.4 Net (Increase) Decrease in Other Assets		(89.576)	1.727.538
1.2.5 Net Increase (Decrease) in Bank Deposits		617.972	(49.134)
1.2.6 Net Increase (Decrease) in Other Deposits		9.696.731	3.486.700
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)	334.636	264.856
I. Net Cash Flow From Banking Operations		5.842.908	2.774.873
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(2.143.919)	277.303
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(173.307)	(70.290)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(295.930)	(126.078)
2.4 Disposals of Property and Equipment		162.876	157.335
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(3.402.388)	(717.604)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.875.207	1.079.573
2.7 Purchase of Financial Assets Measured at Amortised Cost	(V-I-4)	(1.442.377)	(187.962)
2.8 Sale of Financial Assets Measured at Amortised Cost	(V-I-4)	132.000	142.329
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		(3.854.988)	877.554
3.1 Cash Obtained from Funds Borrowed and Securities Issued		22.571.042	18.622.967
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(26.696.471)	(18.416.082)
3.3 Issued Capital Instruments		464.855	-
3.4 Dividends Paid		-	(45.000)
3.5 Payments for Leases ^(*)		(82.130)	-
3.6 Other		(112.284)	715.669
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	235.821	290.406
V. Net (Decrease) Increase in Cash and Cash Equivalents		79.822	4.220.136
VI. Cash and Cash Equivalents at the Beginning of the Period	(V-VI-a)	7.109.859	2.889.723
VII. Cash and Cash Equivalents at the End of the Period	(V-VI-b)	7.189.681	7.109.859

^(*) As of 31 December 2019, it includes the payments related to the leases recognized in the financial statements within the scope of "TFRS 16 - Leases", which is applied as of January 1, 2019.

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, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT APPROPRIATION	Audited	Audited
	CURRENT PERIOD December 31, 2019	PRIOR PERIOD December 31, 2018
I. Distribution of current year income		
1.1. Current year income	87.293	168.495
1.2. Taxes and duties payable (-)	23.864	34.527
1.2.1. Corporate tax (Income tax)	4.722	3.071
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (*)	19.142	31.456
A. Net income for the year (1.1-1.2)	63.429	133.968
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	6.698
1.5. Other statutory reserves (-)	-	4.580
B. Distributable net period income [(A)-(1.3+1.4+1.5)] (**)	63.429	122.690
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	-	122.690
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)	0,070	0,136
3.2. To owners of ordinary shares (%)	7,05	13,63
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. 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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

SECTION THREE

Accounting Policies

I. Explanations on basis of presentation:

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

The consolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", 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.

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 TAS and TFRS. As of December 31, 2019, ownership investment accounted using equity method is Katılım Emeklilik ve Hayat A.Ş. The subsidiaries, real estate funds, venture capital investment funds, security funds accounted using full consolidation method are Bereket Varlık Kiralama A.Ş., Insha Gmbh, Albaraka Portföy Yönetimi A.Ş., Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Metropol 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. Katılım Hisse Senedi Fonu, Albaraka Portföy Yönetimi A.Ş. Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu respectively.

The Parent Bank has started to apply TFRS 16 Leases standard ("TFRS 16") published by Public Oversight Accounting and Auditing Standards Authority ("POA") in the accompanying financial statements starting from 1 January 2019.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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

I. Explanations on basis of presentation (continued):

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

Reclassifications of TFRS 16

Reclassifications and remeasurements during the first time application of TFRS 16 Leases Standard dated 1 January 2019 are presented in the below table.

	Note	31.12.2018	TFRS 16 Reclassification Effect	TFRS 16 Transition Effect	01.01.2019
Tangible Assets (Net)	(1), (2)	655.457	1.656	286.124	943.237
Other Assets (Net)	(2)	523.353	(1.656)	-	521.697
Lease Payables (Net)	(1), (3)	-	-	286.124	286.124

(1) In accordance with TFRS 16, the Parent Bank recognised a lease liability and a right-of-use asset amounting to TL 286.124 as of 1 January 2019 for leases previously classified as operating lease applying TAS 17.

(2) In accordance with TFRS 16, the Parent Bank recognised prepaid rent payments amounting to TL 1.656 under tangible assets as right-of-use, which were previously classified under other assets.

(3) As of 1 January 2019, the weighted average of the alternative borrowing rates applied to TL, EUR and USD lease liabilities presented in the statement of financial position of the Parent Bank are 23%, 5% and 5% 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, 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.

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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

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 Turkey. 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.

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/Turkey	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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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

III. Information on consolidated associates (continued)

b) Consolidation principles on subsidiaries (continued):

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 Rates (%)	Direct and Indirect Rates (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	Sukuk Issue	100,00	100,00
Albaraka Portföy Yönetimi A.Ş.	Istanbul/Turkey	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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

III. Information on consolidated associates (continued):

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 separately under income statement and shareholders' equity. The information on the funds is represented as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	İstanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	91,28	91,28
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	İstanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	94,03	94,03
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	İstanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	86,16	86,16
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	İstanbul/Türkiye	Buy real estate and rights based on real estates, rent, lease and sell	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	İstanbul/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.	84,54	84,54
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	İstanbul/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.	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu	İstanbul/Türkiye	To manage the Fund established under the "Stock Umbrella Fund" in accordance with the related legislation, in accordance with the definition of umbrella funds covering the funds invested in the shares of domestic and / or foreign issuers.	45,94	45,94
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	İstanbul/Türkiye	To direct the fund portfolio mainly to the domestic and / or foreign public and private sector lease certificates in foreign currency, to the other part of the portfolio to the gold, promises agreement, participation accounts and similar interest-free investment instruments	73,97	73,97
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	İstanbul/Türkiye	In addition to gold and gold based capital market instruments, shareholding shares, participation accounts, promissory contracts, public and / or private sector lease certificates and other interest-free money and capital market instruments approved by the Regulator are to be taken into account.	95,56	95,56
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu	İstanbul/Türkiye	Lease certificates issued by the public and private sectors, as well as shareholding interests, gold, participation accounts, promised contracts and other interest-free money and capital market instruments deemed appropriate by the Regulator.	67,88	67,88

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

III. Information on consolidated associates (continued)

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.

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. The derivative transactions are initially recognized at fair value and presented in the financial statements at fair values recalculated in the subsequent reporting periods.

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". Negative ones are represented under "Expected Credit Losses" account.

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 TAS and 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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on fees, commission income and expenses (continued):

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 income statement.

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.

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 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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. Explanations on financial assets (continued):

Financial assets at the fair value through profit or loss (continued):

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.

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.

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 Parent Bank’s all loans except 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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 31 December 2017, 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.

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. These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on expected credit losses (continued):

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 (In this case, default status starts on the 91st day.)
- Loans classified as "performing loans" after restructuring and 30 days overdue in one year observation period (In this case, default status starts on the 31st day) (As per the correspondence of BRSA, dated November 21, 2019 and decision dated November 8, 2019 numbered 8653, observation period will be six months until December 31,2020)
- Loans classified as "performing loans" after restructuring and restructuring at least one more time in one year observation period. (As per the correspondence of BRSA, dated November 21, 2019 and decision dated November 8, 2019 numbered 8653, observation period will be six months until December 31,2020)

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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

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. 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 and are amortized. The Group transfers such assets from assets held for sale and discontinued 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". The Group's intangible assets consist of softwares, intangible rights and goodwill.

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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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

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, 2019, the Parent Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm 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 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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

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.

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. The Bank has not adjusted its prior periods' financial statements for TFRS 16.

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 stays 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.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

XV. Explanations on leasing transactions (continued):

- 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.

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

Provisions are recognized when the 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019

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

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 Turkey, 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, 2019, there is an actuarial loss amounts to TL 35.264 before deferred tax calculation. (December 31, 2018: TL 21.548 actuarial loss).

The Group, provision for the employees’ unused vacations has 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.

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.

XVIII. Explanations on taxation:

Current tax:

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

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

XVIII. Explanations on taxation (continued):

Current tax (continued):

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

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.

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. According to a change in Corporate Tax Law, which were published in the Official Gazette dated December 5, 2017 and numbered 30261, Article 91, Corporate Tax has been increased to 22% from 20% in order to be applied to the profits of the institutions for the taxation periods of 2018, 2019 and 2020. The Parent Bank calculates deferred taxes using related ratios considering the realization period of the temporary differences.

Transfer pricing:

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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.

Additional tier 1 capital borrowings:

Unmatured 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:

The Parent Bank has completed capital increase through rights issues in December 2019. As of December 31, 2019 the capital has not been registered and the added amount (TL 450.000) has been represented under “Other Capital Reserves” on the balance sheet.

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:

Along with the Communiqué amending the Communiqué on a Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks in the Official Gazette dated 1 February 2019 and numbered 30673, the financial statements formats have been rearranged. Based on this amendment, the prior year financial statements have been restated in order to be comparable with the current period financial statements.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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, 2019, the Parent Bank’s total capital has been calculated as TL 5.182.122 and capital adequacy standard ratio is 15,91 %. As of December 31, 2018, the Parent Bank’s total capital amounted to TL 4.737.224 and capital adequacy ratio was 15,21%. The Parent Bank’s capital adequacy standard ratio is above the minimum ratio required by the legislation.

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	900.000	900.000
Share issue premiums	-	-
Reserves	1.182.456	1.122.887
Gains recognized in equity as per TAS	953.069	376.286
Profit	90.045	158.014
Current Period Profit	90.045	158.014
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	3.125.570	2.557.187
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	27.223	48.213
Improvement costs for operating leasing	24.273	23.998
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	33.949	29.616
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	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	-	-
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	196.896	101.827
Total Common Equity Tier 1 Capital	2.928.674	2.455.360

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

a) Information on consolidated capital (continued):

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	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)	3.704.394	3.231.080
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.362.486	1.193.054
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)	116.745	315.773
Tier II Capital Before Deductions	1.479.231	1.508.827
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	1.491
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	-	1.491
Total Tier II Capital	1.479.231	1.507.336
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.183.625	4.738.416
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	1.503	1.192

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

a) Information on consolidated capital (continued):

	Current Period	Prior Period
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (Total Core Capital and Supplementary Capital)	5.182.122	4.737.224
Total risk weighted amounts	32.572.892	31.147.638
Capital Adequacy Ratios	-	-
Consolidated Core Capital Adequacy Ratio (%)	8,99	7,88
Consolidated Tier 1 Capital Adequacy Ratio (%)	11,37	10,37
Consolidated Capital Adequacy Ratio (%)	15,91	15,21
BUFFERS	-	-
The total additional capital requirement ratio (a + b + c)	2,50	1,88
a) Capital conservation buffer requirement (%)	2,50	1,88
b) Bank specific counter-cyclical buffer requirement (%)	0,00	-
c) Systemic significant bank buffer ratio (%)	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 (%)	4,49	3,38
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	231.614	203.784
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	116.745	315.773
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	116.745	315.773
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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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 1.362.486	TL 775.720 ^(*)
Par Value of Instrument	TL 1.362.486	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, 2020 Total Repayment Amount of Profit Share: USD 131.250.000, 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: 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	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
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 incompliance 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 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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 recognize 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".

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	9.765.536	6.836.635
Receivables from regional or local governments	99.368	16.649
Receivables from administrative units and non-commercial enterprises	111.062	73.887
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	5.189.846	5.378.661
Receivables from corporates	16.780.575	15.837.271
Retail receivables	5.358.754	5.144.519
Receivables secured by mortgages on property	2.868.084	3.091.970
Past due receivables	703.682	577.586
Receivables defined in high risk category by BRSA	-	-
Securities collateralized by mortgages	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	157
Other receivables	5.320.837	5.031.259
Equity share investments	107.397	203.044
TOTAL	46.305.141	42.191.638

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on consolidated credit risk (continued):

- (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 inquiries (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 53% (December 31, 2018: 51%) and 62% (December 31, 2018: 60%) 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 45% (December 31, 2018: 49%) and 56% (December 31, 2018: 60%) 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 44% (December 31, 2018: 44%) and 51% (December 31, 2018: 53%) respectively.
- (7) The Parent Bank's expected credit loss amount for its credit risk except non-cash loans (Stage 1 and 2) is TL 202.542 (December 31, 2018: TL 380.469).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on consolidated credit risk (continued) :
(8) Profile on significant risks in significant regions:

	Risk Categories ⁽¹⁾												
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Current Period													
Domestic	9.705.244	99.368	111.062	-	2.020.777	15.581.648	5.317.384	2.840.508	689.469	-	5.266.685	69.427	41.701.572
EU Countries	-	-	-	-	845.852	139.495	11.570	3.664	10	-	347	18.587	1.019.525
OECD Countries ^(**)	-	-	-	-	95.442	-	7	-	-	-	-	-	95.449
Off-shore banking regions	-	-	-	-	635.547	358.369	17.062	3.951	12.672	-	-	-	1.027.601
USA, Canada	-	-	-	-	1.104.422	74.973	1.380	-	-	-	-	15.293	1.196.068
Other countries	60.292	-	-	-	487.806	626.090	11.351	19.961	1.531	-	53.805	4.090	1.264.926
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	9.765.536	99.368	111.062	-	5.189.846	16.780.575	5.358.754	2.868.084	703.682	-	5.320.837	107.397	46.305.141
Prior Period													
Domestic	4.968.121	15	128.684	-	4.354.365	15.339.805	5.124.553	2.679.305	584.938	-	4.792.686	15	37.972.487
EU Countries	-	-	-	-	371.037	127.934	1.851	1.858	935	-	24.738	9.812	538.165
OECD Countries ^(*)	-	-	-	-	12.479	-	14	38	-	-	-	-	12.531
Off-shore banking regions	-	-	-	-	20.631	86.504	14.182	3.215	11.743	-	-	-	136.275
USA, Canada	-	-	-	-	419.403	98.620	666	-	-	-	-	-	518.689
Other countries	-	-	-	-	558.835	464.945	9.397	83.021	1.888	-	-	3.643	1.121.729
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	99.571	99.571
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	4.968.121	15	128.684	-	5.736.750	16.117.808	5.150.663	2.767.437	599.504	-	4.817.424	113.041	40.399.447

⁽¹⁾ 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 | 5- Receivables from banks and brokerage houses | 10- Investments as collective investment enterprises |
| 2- Receivables from regional or local governments | 6- Receivables from corporates | 11- Other receivables |
| 3- Receivables from administrative units and non-commercial enterprises | 7- Retail receivables | 12-Equity share investments |
| 4- Receivables from multilateral development banks | 8- Receivables secured by mortgages on property | |
| | 9- Past due receivables | |

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on consolidated credit risk (continued):

Profile on significant risks in significant regions:

Sectors / Counterparties		Risk Categories												Total	
		1	2	3	4	5	6	7	8	9	10	11	12	TL	FC
1 Agriculture		-	-	-	-	-	43.819	91.792	59.668	15.240	-	-	-	160.939	49.580
1.1 Farming and stockbreeding		-	-	-	-	-	42.833	53.152	36.259	14.677	-	-	-	102.751	44.170
1.2 Forestry		-	-	-	-	-	729	29.870	23.289	561	-	-	-	53.742	707
1.3 Fishery		-	-	-	-	-	257	8.770	120	2	-	-	-	4.446	4.703
2 Manufacturing		-	-	1.101	-	-	5.579.025	1.483.899	722.661	250.783	-	-	-	3.064.169	4.973.300
2.1 Mining		-	-	-	-	-	56.043	42.501	17.362	2.843	-	-	-	50.280	68.469
2.2 Production		-	-	204	-	-	4.375.258	1.365.965	607.146	154.839	-	-	-	2.682.545	3.820.867
2.3 Electricity, gas, water		-	-	897	-	-	1.147.724	75.433	98.153	93.101	-	-	-	331.344	1.083.964
3 Construction		-	-	1	-	-	2.372.334	555.845	514.831	155.988	-	-	-	2.164.019	1.434.980
4 Services		9.764.741	-	109.764	-	5.189.763	8.437.651	2.102.536	1.352.086	261.903	-	556.325	107.397	10.455.782	17.426.384
4.1 Wholesale and retail trade		-	-	12	-	-	2.378.946	1.408.026	512.674	150.327	-	-	-	2.734.276	1.715.709
4.2 Hotel, food and beverage services		-	-	-	-	-	326.074	83.264	74.303	29.369	-	-	-	208.783	304.227
4.3 Transportation and telecommunication		-	-	-	-	-	532.223	211.485	50.531	43.210	-	-	-	312.587	524.862
4.4 Financial institutions		9.764.741	-	-	-	5.180.862	389.436	15.481	18.389	50	-	-	80.857	3.961.169	11.488.647
4.5 Real estate and renting services		-	-	19	-	8.901	4.511.905	161.263	523.167	18.222	-	556.325	18.000	2.687.837	3.109.965
4.6 Self-employment services		-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education services		-	-	98.197	-	-	3.527	21.395	76.015	4.584	-	-	-	113.764	89.954
4.8 Health and social services		-	-	11.536	-	-	295.540	201.622	97.007	16.141	-	-	8.540	437.366	193.020
5 Other		795	99.368	196	-	83	347.746	1.124.682	218.838	19.768	-	4.764.512	-	5.394.114	1.181.874
6 Total		9.765.536	99.368	111.062	-	5.189.846	16.780.575	5.358.754	2.868.084	703.682	-	5.320.837	107.397	21.239.023	25.066.118
														46.305.141	

- 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
- 11- Other receivable
- 12- Equity share investment

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on consolidated credit risk (continued):

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	59.836	104.107	641.118	399.120	2.755.109
2	Receivables from regional or local governments	-	-	-	-	99.329
3	Receivables from administrative units and non-commercial enterprises	2	3.389	359	920	106.291
4	Receivables from multilateral development banks	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-
6	Receivables from banks and brokerage houses	116.052	-	69.873	8.697	794.692
7	Receivables from corporates	1.065.669	849.631	1.577.864	2.304.614	10.632.733
8	Retail receivables	204.561	352.851	610.223	1.021.169	3.161.002
9	Receivables secured by mortgages on property	174.599	262.992	182.131	388.957	1.735.308
10	Past due receivables	-	-	-	-	-
11	Receivables defined in high risk category by BRSA	-	-	-	-	-
12	Securities collateralized by mortgages	-	-	-	-	-
13	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14	Investments similar to collective investment funds	-	-	-	-	-
15	Other receivables	-	-	-	-	2.076
16	Equity share investments	-	-	-	-	-
17	TOTAL	1.620.719	1.572.970	3.081.568	4.123.477	19.286.540

- (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. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

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:

											Deductions from Shareholders' Equity
	Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	
1	Amount before credit risk mitigation	8.598.686	-	3.693.085	446.528	6.103.550	5.358.754	21.859.604	244.934	-	59.725
2	Amount after credit risk mitigation	9.190.393	-	3.907.636	442.376	6.298.603	4.846.640	21.375.576	243.917	-	59.725

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations on consolidated credit risk (continued):

(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 31 December 2019, 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.

As of December 31, 2019, 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)		Provisions for Credit Losses (TFRS 9)
	Significant increase in credit risk (Stage 2)	Default (Stage 3)	
1 Agriculture	12.383	14.758	5.097
1.1 Farming and stockbreeding	8.736	9.732	3.387
1.2 Forestry	3.647	5.023	1.707
1.3 Fishery	-	3	3
2 Manufacturing	2.461.319	1.234.814	564.182
2.1 Mining	6.235	9.415	3.074
2.2 Production	2.189.347	1.220.357	537.831
2.3 Electricity, gas, water	265.737	5.042	23.277
3 Construction	720.302	553.840	302.035
4 Services	249.798	355.929	139.882
4.1 Wholesale and retail trade	78.866	186.965	61.853
4.2 Hotel, food and beverage services	107.195	35.666	13.543
4.3 Transportation and telecommunication	12.410	64.880	29.740
4.4 Financial institutions	174	11.705	4.481
4.5 Real estate and renting services	1.860	29.709	19.353
4.6 Self-employment services	16.456	1.992	1.280
4.7 Education services	-	7.995	715
4.8 Health and social services	32.837	17.017	8.917
5 Other	221.253	62.382	20.528
6 Total	3.665.055	2.221.723	1.031.724

(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	893.485	633.455	(638.779) ^(**)	58.470	946.631
2. Stage 1 and 2 Provisions	363.306	72.858	(251.051)	38	185.151

^(*) Determined according to currency differences.

^(**) Includes reversal of provisions related to write off amounts to TL 441.418.

Prior Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Stage 3 Provisions	705.262	422.299	(374.452) ^(**)	140.376	893.485
2. Stage 1 and 2 Provisions	329.928	160.195	(128.324)	1.507	363.306

^(*) Determined according to currency differences.

^(**) Includes TL 242.105 assigned from non performing portfolio to asset management companies.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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
Turkey	20.954.690	15.807	20.970.497
Iraq	502.478	-	502.478
Malta	120.859	-	120.859
Marshall Islands	103.054	-	103.054
Georgia	96.302	-	96.302
United States of America	75.954	-	75.954
Panama	17.829	-	17.829
Romania	10.312	-	10.312
Italy	9.074	-	9.074
Other	35.363	-	35.363

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, 2019 - Balance sheet evaluation rate	5,928	6,658
As of December 30, 2019	5,920	6,627
As of December 27, 2019	5,937	6,622
As of December 26, 2019	5,913	6,560
As of December 25, 2019	5,915	6,562
As of December 24, 2019	5,929	6,568

- 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 5,664 for 1 USD (December 2018: TL 5,293), TL 6,337 for 1 EUR (December 2018: TL 6,023).

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

IV. Explanations on consolidated currency risk (continued):

Information on currency risk of the Group:

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	1.947.732	4.061.727	1.359.748	7.369.207
Banks	1.013.467	1.422.621	648.539	3.084.627
Financial assets at fair value through profit and loss ^(**)	-	1.345	436.893	438.238
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	166.840	1.003.586	3.638	1.174.064
Loans and financial lease receivables ^(***)	4.955.861	10.276.953	311.036	15.543.850
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	641.117	715.181	-	1.356.298
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	19.905	19.905
Intangible assets	5.272	-	-	5.272
Other assets ^(****)	5.258	245.911	1.992	253.161
Total assets	8.735.547	17.727.324	2.781.751	29.244.622
Liabilities				
Current account and funds collected from banks via participation accounts	1.445.426	537.826	5.043	1.988.295
Other current and profit sharing accounts	6.490.810	14.214.936	2.372.233	23.077.979
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	575.980	2.490.562	1	3.066.543
Marketable securities issued	-	-	-	-
Miscellaneous payables	61.295	139.696	6.884	207.875
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	196	14.434	5.121	19.751
Total liabilities	8.573.707	17.397.454	2.389.282	28.360.443
Net balance sheet position	161.840	329.870	392.469	884.179
Net off balance sheet position	(122.274)	61.052	9.191	(52.031)
Derivative financial instruments assets ^(*****)	34.622	163.856	20.238	218.716
Derivative financial instruments liabilities ^(*****)	156.896	102.804	11.047	270.747
Non-cash loans ^(*****)	2.052.218	3.212.326	38.392	5.302.936
Prior Period				
Total assets	7.049.938	15.706.283	1.555.938	24.312.159
Total liabilities	6.945.255	14.592.498	1.512.121	23.049.874
Net balance sheet position	104.683	1.113.785	43.817	1.262.285
Net off balance sheet position	(76.683)	187.681	(22.448)	88.550
Derivative financial instruments assets	19.925	304.028	9.188	333.141
Derivative financial instruments liabilities	96.608	116.347	31.636	244.591
Non-cash loans ^(*****)	1.741.130	3.579.066	69.666	5.389.862

^(*) TL 1.324.944 (December 31, 2018: TL 1.010.111) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 425.089 (December 31, 2018: TL 408.766) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 2.192.902 (December 31, 2018: TL 1.421.400) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

^(**) Derivative financial instruments are included.

^(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 2.154.914 (December 31, 2018: TL 3.883.893).

^(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 1.591 (December 31, 2018: TL 1.863) is included in other assets.

^(*****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 174.881 (December 31, 2018: TL 95.585) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 214.726 (December 31, 2018: TL 219.495).

^(*****) Does not have any effect on the net off-balance sheet position.

Other issues related to currency risk:

Since the Parent Bank has issued unmatured 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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. “Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu”, “Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu” and “Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu” which are managed and founded by Albaraka Portföy Yönetimi A.Ş. are traded in Borsa İstanbul under qualified trading market. Albaraka Portföy Yönetimi A.Ş. is the subsidiary of the Parent Bank.

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 comply 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 taking into account 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on consolidated liquidity risk (continued):

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. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Parent Bank monitors liquidity risk in terms of early warning indicators in each stress.

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			10.361.457	8.516.166
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	22.450.697	13.529.899	2.031.991	1.352.990
3	Stable Funds Collected	4.261.572	-	213.079	-
4	Less stable Funds Collected	18.189.125	13.529.899	1.818.912	1.352.990
5	Unsecured Funding other than Retail and Small Business Customers Deposits	10.643.961	7.686.134	5.483.485	3.667.400
6	Operational Funds Collected	696.888	685.978	174.222	171.494
7	Non-Operational Funds Collected	3.938.906	2.714.637	2.086.080	1.494.592
8	Other Unsecured Funding	6.008.167	4.285.519	3.223.183	2.001.314
9	Secured funding			-	-
10	Other Cash Outflows	1.768.240	1.693.566	1.768.240	1.693.566
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.768.240	1.693.566	1.768.240	1.693.566
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	10.265.642	4.849.421	915.024	540.638
16	TOTAL CASH OUTFLOWS			10.198.740	7.254.594
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.057.652	4.315.539	5.645.099	3.729.205
19	Other contractual cash inflows	1.782.202	1.210.989	1.782.202	1.210.989
20	TOTAL CASH INFLOWS	8.839.854	5.526.528	7.427.301	4.940.194
				Upper limit applied amounts	
21	TOTAL HQLA			10.361.457	8.516.166
22	TOTAL NET CASH OUTFLOWS			2.771.439	2.314.400
23	Liquidity Coverage Ratio (%)			373,87	367,96

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

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	251,16	244,1
Date	November 10, 2019	October 20, 2019
Highest	490,24	543,8
Date	December 06, 2019	December 16, 2019
Average	373,87	367,96

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

		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			5.969.215	4.592.095
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	17.457.848	9.475.768	1.571.440	947.578
3	Stable Funds Collected	3.486.887	-	174.344	-
4	Less stable Funds Collected	13.970.961	9.475.768	1.397.096	947.578
5	Unsecured Funding other than Retail and Small Business Customers Deposits	7.812.403	5.671.248	4.490.800	3.151.829
6	Operational Funds Collected	507.347	498.687	126.837	124.672
7	Non-Operational Funds Collected	3.074.845	2.104.661	1.714.667	1.267.733
8	Other Unsecured Funding	4.230.211	3.067.900	2.649.296	1.759.424
9	Secured funding			-	-
10	Other Cash Outflows	1.975.310	1.457.151	1.975.310	1.457.151
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.975.310	1.457.151	1.975.310	1.457.151
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	10.804.090	5.094.627	933.702	532.644
16	TOTAL CASH OUTFLOWS			8.971.252	6.089.202
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	6.409.201	4.161.821	5.408.625	3.850.294
19	Other contractual cash inflows	2.057.041	1.905.489	2.057.041	1.905.489
20	TOTAL CASH INFLOWS	8.466.242	6.067.310	7.465.666	5.755.783
				Upper limit applied amounts	
21	TOTAL HQLA			5.969.215	4.592.095
22	TOTAL NET CASH OUTFLOWS			2.242.813	1.522.301
23	Liquidity Coverage Ratio (%)			266,15	301,65

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

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2018 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	226,63	264,91
Date	November 04, 2018	October 31, 2018
Highest	315,88	395,02
Date	December 31, 2018	December 31, 2018
Average	266,15	301,65

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

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. The Parent Bank's high quality liquid assets are composed of 9,10% cash, 55,10 % deposits in central banks and 35,80 % securities considered as high quality liquid assets.

The Parent Bank'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 87,45% funds collected, 12,55% funds borrowed, borrowings from money market, subordinated loans and securities issued.

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 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VI. Explanations on consolidated liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(****)	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	4.173.150	4.622.759	-	-	-	-	-	8.795.909
Banks	3.040.193	1.024.446	112.517	-	-	-	-	4.177.156
Financial Assets at Fair Value Through Profit and Loss ^(*)	35.542	1.222	3.255	46.716	486.139	-	-	572.874
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	23.312	545	149.304	239.950	1.574.626	-	-	1.987.737
Loans ^(**)	-	3.055.064	1.487.050	7.163.233	14.411.301	2.357.349	1.275.092	29.749.089
Financial Assets Measured at Amortised Cost	-	60.797	37.515	820.971	1.075.036	-	-	1.994.319
Other Assets ^(****)	-	-	1.122	10.048	102.372	212.137	3.873.205	4.198.884
Total Assets	7.272.197	8.764.833	1.790.763	8.280.918	17.649.474	2.569.486	5.148.297	51.475.968
Liabilities								
Current account and funds collected from banks via participation accounts	794.319	534.434	666.857	-	-	-	-	1.995.610
Other current and profit sharing accounts	13.100.675	18.699.543	4.304.022	1.613.039	26.311	-	-	37.743.590
Funds provided from other financial institutions and subordinated loans	-	837.938	285.051	381.969	299.318	1.362.486	-	3.166.762
Money Market Borrowings	-	18.237	-	-	-	-	-	18.237
Marketable securities issued	-	868.982	1.166.538	453.819	30.080	-	-	2.519.419
Miscellaneous payables	-	313.161	48.796	26.010	-	-	1.101.312	1.489.279
Other liabilities	775.720	-	128	6.163	81.724	199.740	3.479.596	4.543.071
Total Liabilities	14.670.714	21.272.295	6.471.392	2.481.000	437.433	1.562.226	4.580.908	51.475.968
Net Liquidity Gap	(7.398.517)	(12.507.462)	(4.680.629)	5.799.918	17.212.041	1.007.260	567.389	-
Net Off-Balance Sheet								
Position	-	113	(108)	243	-	-	-	248
Financial Derivative Assets	-	34.764	8.644	23.261	-	-	-	66.669
Financial Derivative Liabilities	-	34.651	8.752	23.018	-	-	-	66.421
Non-Cash Loans	5.962.062	223.917	560.809	2.632.808	1.011.614	40.228	-	10.431.438
Prior Period								
Total Assets	7.669.458	5.877.028	2.728.827	8.012.853	13.085.454	2.180.281	2.668.046	42.221.947
Total Liabilities	9.502.104	17.824.457	4.405.381	5.126.934	182.369	1.193.054	3.987.648	42.221.947
Net Liquidity Gap	(1.832.646)	(11.947.429)	(1.676.554)	2.885.919	12.903.085	987.227	(1.319.602)	-
Net Off-Balance Sheet								
Position	-	(1.874)	557	1.743	-	-	-	426
Financial Derivative Assets	-	243.502	5.132	16.551	-	-	-	265.185
Financial Derivative Liabilities	-	245.376	4.575	14.808	-	-	-	264.759
Non-Cash Loans	5.839.023	306.875	476.050	2.328.330	1.052.607	42.812	-	10.045.697

(*) 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.

(****) The balance represents investment property and other assets.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. Explanations on consolidated leverage ratio:

	Current Period^(**)	Prior Period^(**)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*)	49.128.437	41.791.422
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	2.225.031	2.504.479
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	218.303	881.634
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	7.631	4.369
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	61.760.984	54.084.220

^(*) 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. Explanations on consolidated leverage ratio (continued):

As of December 31, 2019, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 5,32% (December 31, 2018: 6,24%). 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 the high rate of increase in average risk amount.

	Current Period ^(*)	Prior Period ^(*)
Balance sheet assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	49.365.269	41.890.212
2 (Assets deducted from Core capital)	(58.234)	(52.403)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	49.307.035	41.837.809
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	5.672	6.944
5 Potential credit risk amount of derivative financial assets and credit derivatives	11.228	12.645
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	16.900	19.589
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	186.303	254.130
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)	186.303	254.130
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	12.250.746	11.972.692
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	12.250.746	11.972.692
Capital and total risk		
13 Core Capital	3.288.556	3.375.653
14 Total risk amount (sum of lines 3, 6, 9 and 12)	61.760.984	54.084.220
Leverage ratio		
15 Leverage ratio (%)	5,32	6,24

^(*) The arithmetic average of the last three months in the related periods

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. As of December 31, 2019 and December 31, 2018, fair value hierarchy of financial investments measured at amortized cost is determined as level 1.

The fair value of loans are 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on presentation of consolidated financial assets and liabilities at fair value (continue):

a. Information on fair value of financial assets and liabilities (continue) :

	Carrying value		Fair value	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Financial Assets				
Money market placements	-	-	-	-
Banks	4.194.547	5.218.335	4.194.547	5.218.335
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	572.477	12.469	572.477	12.469
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1.987.737	1.071.984	1.987.737	1.071.984
Financial Assets Measured at Amortised Cost	1.994.319	618.506	2.080.209	596.204
Loans and financial lease receivables	29.749.089	26.184.989	27.049.251	24.292.355
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	1.995.610	1.377.313	1.995.610	1.377.313
Other current and profit sharing accounts	37.743.590	27.162.018	37.743.590	27.162.018
Funds provided from other financial institutions	3.166.762	4.593.847	2.441.971	4.118.548
Marketable securities issued	2.519.419	3.159.052	2.746.056	3.050.674
Debts to Money Markets	18.237	771.957	18.237	771.957
Miscellaneous payables	1.489.279	1.455.165	1.489.279	1.455.165

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)	572.477	-	-	572.477
Government Securities	534.322	-	-	534.322
Equity securities	-	-	-	-
Other Financial Assets	38.155	-	-	38.155
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1.979.718	-	-	1.979.718
Equity securities ^(**)	15.293	-	-	15.293
Government Securities	1.964.425	-	-	1.964.425
Other Financial Assets	-	-	-	-
Derivative Financial Assets	-	397	-	397
Financial Liabilities				
Derivative financial liabilities	-	849	-	849

^(*) In the current period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 8.019 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 statements and not represented above table.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VIII. Explanations on presentation of consolidated financial assets and liabilities at fair value (continue):
b. Information on fair value measurement recognized in the financial statements (continue):

Prior period ^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	12.469	-	-	12.469
Government Securities	834	-	-	834
Equity securities	-	-	-	-
Other Financial Assets	11.635	-	-	11.635
Financial assets- available for sale	1.068.076	-	-	1.068.076
Equity securities ^(**)	9.562	-	-	9.562
Government Securities	1.058.514	-	-	1.058.514
Other Financial Assets	-	-	-	-
Derivative Financial Assets	-	1.510	-	1.510
Financial liabilities				
Derivative financial liabilities held for trading	-	1.545	-	1.545

^(*) In the prior period, there is no classification between level I and level II.

^(**) Equity securities amounting to TL 3.908 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 statements and not represented above table.

Apart from financial assets and financial liabilities, as of December 31, 2019 and 2018, the Parent Bank carries the real estates at fair value under tangible assets. Level III section is used in determining the related fair values.

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 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 Parent Bank, tables which have to be prepared within the scope of Internal rating-based (IRB) approach have not been presented.

a. Consolidated risk management strategy and 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated on risk management (continued):

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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated on risk management (continued):

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated on risk management (continued):

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated on risk management (continued):

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.

a.2. Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	29.462.092	27.215.820	2.356.967
2	Standardised approach (SA)	29.462.092	27.215.820	2.356.967
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	2.396	5.806	192
5	Standardised approach for counterparty credit risk (SA-CCR)	2.396	5.806	192
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	397.345	1.583.564	31.788
17	Standardised approach (SA)	397.345	1.583.564	31.788
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	2.711.059	2.342.448	216.885
20	Basic Indicator Approach	2.711.059	2.342.448	216.885
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)	32.572.892	31.147.638	2.605.832

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

b. Financial statements and regulatory exposures reconciliation:

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

Current Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and cash equivalents	12.990.456	12.990.456	-	-	-	-
Financial assets at fair value through profit and loss	572.477	-	243	-	572.477	-
Financial Assets at Fair Value through Other Comprehensive Income	1.987.737	1.987.737	-	-	-	-
Financial Assets Measured at Amortised Cost	1.994.319	1.994.319	-	-	-	-
Derivative Financial Assets	397	-	397	-	397	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	17.391	-	-	-	-	17.391
LOANS (Net)	29.749.089	29.932.737	-	-	-	(183.648)
Loans	28.415.470	28.413.967	-	-	-	1.503
Financial Lease Receivables	243.678	243.678	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	2.221.723	2.221.723	-	-	-	-
Expected Credit Losses (-)	1.131.782	946.631	-	-	-	185.151
Assets Held for Sale and Assets of Discontinued Operations (Net)	124.480	124.480	-	-	-	-
Ownership Investments	286.470	286.470	-	-	-	-
Tangible Assets (Net)	1.516.585	1.492.312	-	-	-	24.273
Intangible Assets (Net)	35.810	1.861	-	-	-	33.949
Investment Property (Net)	1.419.315	1.419.315	-	-	-	-
Current Tax Asset	1.231	1.231	-	-	-	-
Deferred Tax Asset	166.345	166.345	-	-	-	-
Other Assets	648.648	648.648	-	-	-	-
Total assets	51.475.968	51.045.911	640	-	572.874	(142.817)
Liabilities						
Funds collected	39.739.200	-	-	-	-	39.739.200
Funds borrowed	1.791.598	-	-	-	-	1.791.598
Borrowings from money markets	18.237	-	-	-	-	18.237
Securities issued	2.519.419	-	-	-	-	2.519.419
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	849	-	-	-	-	849
Lease Payables	300.660	-	-	-	-	300.660
Provisions	135.696	7.569	-	-	-	128.127
Current Tax Liability	74.600	-	-	-	-	74.600
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.375.164	-	-	-	-	1.375.164
Other Liabilities	1.489.279	-	-	-	-	1.489.279
Shareholders' equity	4.031.266	-	-	-	-	4.031.266
Total liabilities	51.475.968	7.569	-	-	-	51.468.399

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

b. Financial statements and regulatory exposures reconciliation (continued):

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation (continued):

Prior Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ^(*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and cash equivalents	11.136.716	11.136.716	-	-	-	-
Financial assets at fair value through profit and loss	12.469	-	334	-	12.469	-
Financial Assets at Fair Value through Other Comprehensive Income	1.071.984	1.071.984	-	-	-	-
Financial Assets Measured at Amortised Cost	618.506	618.506	-	-	-	-
Derivative Financial Assets	1.510	-	1.510	-	1.510	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	17.163	-	-	-	-	17.163
LOANS (Net)	26.184.989	26.547.103	-	-	-	(362.114)
Loans	25.173.679	25.172.487	-	-	-	1.192
Financial Lease Receivables	379.554	379.554	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	1.888.547	1.888.547	-	-	-	-
Expected Credit Losses (-)	1.256.791	893.485	-	-	-	363.306
Assets Held for Sale and Assets of Discontinued Operations (Net)	649.688	649.688	-	-	-	-
Ownership Investments	99.571	99.571	-	-	-	-
Tangible Assets (Net)	655.457	631.459	-	-	-	23.998
Intangible Assets (Net)	36.734	7.118	-	-	-	29.616
Investment Property (Net)	1.074.667	1.074.667	-	-	-	-
Current Tax Asset	3.992	3.992	-	-	-	-
Deferred Tax Asset	169.474	169.474	-	-	-	-
Other Assets	523.353	523.846	-	-	-	493
Total assets	42.221.947	42.534.124	1.844	-	13.979	(326.156)
Liabilities						
Funds collected	28.539.331	-	-	-	-	28.539.331
Funds borrowed	3.389.550	-	-	-	-	3.389.550
Borrowings from money markets	771.957	-	-	-	-	771.957
Securities issued	3.159.052	-	-	-	-	3.159.052
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	1.545	-	-	-	-	1.545
Lease Payables	-	-	-	-	-	-
Provisions	90.880	5.346	-	-	-	85.534
Current Tax Liability	58.588	-	-	-	-	58.588
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.204.297	-	-	-	-	1.204.297
Other Liabilities	1.455.165	-	-	-	-	1.455.165
Shareholders' equity	3.551.582	-	-	-	-	3.551.582
Total liabilities	42.221.947	5.346	-	-	-	42.216.601

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

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

Current Period		Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	51.475.968	51.045.911	-	640	572.874
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	7.569	-	-	-
3	Total net amount within the scope of legal consolidation	51.475.968	51.038.342	-	640	572.874
4	Off balance sheet amounts	12.676.641	6.528.030	-	2.854	-
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	-	(11.261.231)	-	-	-
10	Risk amounts	64.152.609	46.305.141	-	3.494	572.874

^(*) 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	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	42.221.947	42.534.124	-	1.844	13.979
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	5.346	-	-	-
3	Total net amount within the scope of legal consolidation	42.221.947	42.528.778	-	1.844	13.979
4	Off balance sheet amounts	12.444.026	6.450.554	-	5.038	-
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	-	(8.579.885)	-	-	-
10	Risk amounts	54.665.973	40.399.447	-	6.882	13.979

^(*) 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.

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

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 (X.a.I) The Parent 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	2.221.723	28.719.077	1.191.711	29.749.089
2 Debt securities	-	4.506.002	2.512	4.503.490
3 Off-balance sheet exposures	68.218	12.475.333	18.616	12.524.935
4 Total	2.289.941	45.700.412	1.212.839	46.777.514

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	1.888.547	25.600.281	1.303.839	26.184.989
2 Debt securities	-	1.712.426	35.899	1.676.527
3 Off-balance sheet exposures	61.827	11.852.255	3.037	11.911.045
4 Total	1.950.374	39.164.962	1.342.775	39.772.561

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	1.950.374	1.261.895
2 Loans and debt securities that have defaulted since the last reporting period	1.240.709	1.388.090
3 Receivables back to non-defaulted status	90.359	-
4 Amounts written off	441.418	242.105
5 Other changes	369.365	457.506
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	2.289.941	1.950.374

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

c.1.4. Additional information on credit quality of assets (continued):

Breakdown for receivables in terms of sectors are mentioned in the footnote section four numbered II.8 (*Explanations on Credit Risk*).

Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below. In accordance with resolution of the Board of the Parent Bank, TL 441.418 has been written off.

Aging analysis for past due receivables:

As per Financial instruments segmentations, aging analysis of past due but not impaired financial assets is as follows:

	0-30 Days	31-90 Days	Total
Current Period	411.986	3.665.055	4.077.041
	0-30 Days	31-90 Days	Total
Prior Period	722.924	5.318.304	6.041.228

Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	2.184.791	934.658
Off-shore Banking Countries	32.042	8.626
Other Countries	4.890	3.347
General Total	2.221.723	946.631

^(*) Represents amounts for cash loans.

Prior Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	1.835.608	865.090
Off-shore Banking Countries	29.535	8.409
Other Countries	23.404	19.986
General Total	1.888.547	893.485

^(*) Represents amounts for cash loans.

c.2. Credit risk mitigation

c.2.1. Qualitative disclosure on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

The 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 Turkey.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

c.2. Credit risk mitigation (continued)

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

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	22.484.742	7.264.347	5.079.229	1.061.069	472.864	-	-
2	Debt securities	4.503.490	-	-	-	-	-	-
3	Total	26.988.232	7.264.347	5.079.229	1.061.069	472.864	-	-
4	Of which defaulted	1.043.668	231.424	179.911	2.040	617	-	-

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	19.193.921	6.991.068	4.889.638	910.075	292.353	-	-
2	Debt securities	1.676.527	-	-	-	-	-	-
3	Total	20.870.448	6.991.068	4.889.638	910.075	292.353	-	-
4	Of which defaulted	808.212	186.850	133.016	2.415	785	-	-

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

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

Current Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
1 Receivables from central governments or central banks	9.764.991	1.382	10.211.898	544	1.283.586	12,57%
2 Receivables from regional or local governments	99.368	-	101.305	-	49.684	49,04%
3 Receivables from administrative units and non-commercial enterprises	91.771	42.417	91.771	19.291	106.571	95,96%
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	4.878.697	371.291	4.918.661	311.148	2.181.313	41,71%
7 Receivables from corporates	12.637.455	6.571.319	12.455.492	4.143.123	16.383.443	98,70%
8 Retail receivables	3.659.422	4.458.227	3.354.729	1.699.332	3.681.663	72,85%
9 Receivables secured by mortgages on property	436.616	48.133	435.797	20.292	162.259	35,58%
10 Receivables secured by mortgages on commercial property	2.078.951	599.311	2.078.951	332.224	1.262.320	52,35%
11 Past due receivables	703.682	-	702.349	-	704.941	100,37%
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	5.318.761	10.381	5.318.761	2.076	3.538.915	66,51%
17 Equity share investments	107.397	-	107.397	-	107.397	100%
18 Total	39.777.111	12.102.461	39.777.111	6.528.030	29.462.092	63,63%

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

c.3.2. Credit risk exposure and credit risk mitigation techniques (continued):

Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
1 Receivables from central governments or central banks	4.967.514	1.631	5.664.004	159.633	175.329	%3,01
2 Receivables from regional or local governments	15	-	7.095	616	8	%0,10
3 Receivables from administrative units and non-commercial enterprises	114.858	31.888	114.858	13.826	126.626	%98,40
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	5.413.508	390.497	5.414.016	327.655	2.736.416	%47,66
7 Receivables from corporates	11.783.940	6.751.114	11.585.825	4.257.180	15.692.558	%99,05
8 Retail receivables	3.786.448	3.590.042	3.284.338	1.277.059	3.362.413	%73,71
9 Receivables secured by mortgages on property	406.959	60.506	404.054	28.435	155.542	%35,96
10 Receivables secured by mortgages on commercial property	1.947.063	602.056	1.947.063	384.769	1.201.354	%51,52
11 Past due receivables	599.504	-	598.556	-	668.571	%111,70
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	4.816.043	6.906	4.816.043	1.381	2.983.962	%61,94
17 Equity share investments	113.041	-	113.041	-	113.041	%100,00
18 Total	33.948.893	11.434.640	33.948.893	6.450.554	27.215.820	%67,37

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

c.3.3 Exposures by asset classes and risk weights:

Current Period													
Risk Classes/Risk Weighted	0%	10%	20%	35% secured by Property mortgage			50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
1 Receivables from central governments or central banks	7.548.741	-	-	-	-	2.603.730	-	-	59.971	-	-	-	10.212.442
2 Receivables from regional or local governments	-	-	-	-	-	101.305	-	-	-	-	-	-	101.305
3 Receivables from administrative units and non-commercial enterprises	835	-	4.570	-	-	-	-	-	105.657	-	-	-	111.062
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	9.097	-	3.134.319	-	-	1.023.925	-	-	1.062.468	-	-	-	5.229.809
7 Receivables from corporates	165.457	-	130.251	-	-	27.500	-	-	16.275.407	-	-	-	16.598.615
8 Retail receivables	128.160	-	79.261	-	-	-	4.846.640	-	-	-	-	-	5.054.061
9 Receivables secured by mortgages on property	3.027	-	305	-	-	6.032	-	-	4.349	-	-	-	456.089
10 Receivables secured by mortgages on commercial property	-	-	-	-	-	2.297.710	-	-	113.465	-	-	-	2.411.175
11 Past due receivables	128	-	212	-	-	238.401	-	-	219.691	243.917	-	-	702.349
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	1.334.948	-	558.718	-	-	-	-	-	3.427.171	-	-	-	5.320.837
17 Equity share investments	-	-	-	-	-	-	-	-	107.397	-	-	-	107.397
18 Total	9.190.393	-	3.907.636	442.376	6.298.603	4.846.640	21.375.576	243.917	-	-	-	-	46.305.141

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on risk management (continued):

c.3.3 Exposures by asset classes and risk weights (continued):

Prior Period		35% secured by Property mortgage										Total risk amount (post-CCF and CRM)		
	Risk Classes/Risk Weighted	0%	10%	20%	50%	75%	100%	150%	200%	Others				
1	Receivables from central governments or central banks	5.236.615	-	33	-	586.844	-	145	-	-	-	5.823.637		
2	Receivables from regional or local governments	-	-	-	7.711	-	-	-	-	-	-	7.711		
3	Receivables from administrative units and non-commercial enterprises	2.048	-	12	-	-	-	126.624	-	-	-	128.684		
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-		
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-		
6	Receivables from banks and brokerage houses	13.202	-	1.517.656	-	3.550.935	-	659.878	-	-	-	5.741.671		
7	Receivables from corporates	149.904	-	94.688	-	7.617	-	15.590.796	-	-	-	15.843.005		
8	Retail receivables	97.031	-	57.090	-	4.407.276	-	-	-	-	-	4.561.397		
9	Receivables secured by mortgages on property	1.951	-	4.524	-	10.225	-	6.150	-	-	-	432.489		
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.260.956	-	70.876	-	-	-	2.331.832		
11	Past due receivables	276	-	200	-	149.505	-	158.166	290.409	-	-	598.556		
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	1.168.608	-	831.067	-	-	-	2.817.749	-	-	-	4.817.424		
17	Equity share investments	-	-	-	-	-	-	113.041	-	-	-	113.041		
18	Total	6.669.635	-	2.505.270	6.573.793	4.407.276	19.543.425	290.409	-	-	-	40.399.447		

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

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)	640	2.854		-	3.494	1.857
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						1.857

^(*) Effective Expected Positive Exposure

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)	1.844	5.038		-	6.882	4.624
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						4.624

^(*) Effective Expected Positive Exposure

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

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	3.494	539	6.882	1.182
4 Total subject to the CVA capital obligation	3.494	539	6.882	1.182

ç.4. CCR exposures by risk class and risk weights:

Current Period										
Risk Weighted										Total credit exposure ^(*)
Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other		
Receivables from central governments or central banks	-	-	-	-	-	-	-	-	-	-
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	1.603	711	-	665	-	-	-	2.979
Receivables from corporates	-	-	-	-	-	515	-	-	-	515
Retail receivables	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	-	-	1.603	711	-	1.180	-	-	-	3.494

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

ç.4. CCR exposures by risk class and risk weights (continued):

Prior Period	Risk Weighted								Total credit exposure ^(*)
Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	-	-	-	2.376	-	-	-	-	2.376
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	-	-	210	1.803	-	707	-	-	2.720
Receivables from corporates	-	-	-	-	-	1.786	-	-	1.786
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	210	4.179	-	2.493	-	-	6.882

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

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	-	2.268	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	2.268	-	-	-	-

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	-	-	-	18.740	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	18.740	-	-

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, 2018: 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, 2018: None).

d. Consolidated securitization explanations:

There is not any information to be announced to public on securitization (December 31, 2018: 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

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)	90.108	2.629
2	Equity risk (general and specific)	5.014	-
3	Foreign exchange risk	201.276	1.568.515
4	Commodity risk	100.947	12.420
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	397.345	1.583.564

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, 2019, 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	1.228.536	1.436.154	1.673.004	1.445.898	15	216.885
Amount subject to Operational Risk (Total*12,5)						2.711.059

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

X. Explanations on consolidated risk management (continued):

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	(487.442)	(9,49)
TL	(-) 400bp	488.502	9,51
USD	(+) 200bp	(417)	(0,01)
USD	(-) 200bp	3.834	0,07
EUR	(+) 200bp	(43.189)	(0,84)
EUR	(-) 200bp	(2.718)	(0,05)
Total (For Negative Shocks)	-	489.618	9,53
Total (For Positive Shocks)	-	(531.048)	(10,34)

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)	(710.582)	2.103.015	773.735	199.513	2.365.681
Operating Expenses	(739.001)	(1.187.057)	(316.288)	1.126	(2.241.220)
Operating Income/Expenses	(1.449.583)	915.958	457.447	200.639	124.461
Profit/(Loss) Before Tax	(1.449.583)	915.958	457.447	200.639	124.461
Tax Expense	-	-	-	(27.682)	(27.682)
Current Year Profit/(Loss)	(1.449.583)	915.958	457.447	172.957	96.779
Total Assets	2.574.413	28.499.436	17.385.810	3.016.309	51.475.968
Total Liabilities	26.441.681	15.314.905	5.744.992	3.974.390	51.475.968

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(633.008)	1.582.675	686.240	386.932	2.022.839
Operating Expenses	(246.487)	(762.169)	(150.715)	(653.545)	(1.812.916)
Operating Income/Expenses	(879.495)	820.506	535.525	(266.613)	209.923
Profit/(Loss) Before Tax	(879.495)	820.506	535.525	(266.613)	209.923
Tax Expense	-	-	-	(36.688)	(36.688)
Current Year Profit/(Loss)	(879.495)	820.506	535.525	(303.301)	173.235
Total Assets	2.647.172	24.265.102	12.501.983	2.807.690	42.221.947
Total Liabilities	18.778.877	11.471.453	9.028.682	2.942.935	42.221.947

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION FIVE

Explanations and notes on the consolidated financial statements

I. Explanations and notes related to consolidated assets:

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

	Current Period		Prior Period	
	TP	YP	TP	YP
Cash/Foreign currency	128.031	894.076	143.580	679.886
CBRT	1.167.687	5.902.132	284.244	3.807.930
Other ^(*)	130.984	572.999	81.896	920.845
Total	1.426.702	7.369.207	509.720	5.408.661

^(*) Includes precious metals amounting to TL 145.266 (December 31, 2018: TL 171.675) and cash in transit amounting to TL 558.717 (December 31, 2018: TL 831.066) as of December 31, 2019.

b) Information related to CBRT:

	Current Period		Prior Period	
	TP	YP	TP	YP
Unrestricted demand deposit	1.167.543	1.279.517	275.660	761.900
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	144	4.622.615	8.584	3.046.030
Total	1.167.687	5.902.132	284.244	3.807.930

^(*) As of December 31, 2019, the reserve requirement held in standard gold is TL 1.179.678 (December 2018: TL 838.436)

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As of December 31, 2019, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 1% to 7% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 5% to 21% depending on maturity of deposits.

The Parent Banks which meet the conditions in the "Communiqué Regarding the Reserve Requirements" on real credit growth rates will get the return at 10%, for the others which do not meet the conditions in the mentioned Communiqué will get the return at 0%.

c.1) Information on banks:

	Current Period		Prior Period	
	TP	YP	TP	YP
Banks				
Domestic ^(*)	1.109.920	840.053	822.730	3.436.861
Abroad	-	2.244.574	-	958.744
Foreign head offices and branches	-	-	-	-
Total	1.109.920	3.084.627	822.730	4.395.605

^(*) Includes blockaged amount TL 1.032.679 (December 31, 2018: 800.457) booked under TL accounts arising from POS transactions

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

c.2) Information on foreign bank accounts:

	Current period		Prior Period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	796.284	-	243.622	-
USA and Canada	1.104.077	-	416.030	-
OECD Countries ^(*)	95.442	-	12.479	-
Off-shore banking regions	5.232	-	15.367	-
Other ^(**)	220.548	22.991	257.787	13.459
Total	2.221.583	22.991	945.285	13.459

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

^(**) Represents the balance amounts to TL 153.234 (December 31, 2018: TL 207.770) in Iraq Banks belonging to Parent Bank's foreign branch "Erbil".

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 agreements and given as collateral/blocked:

As of December 31, 2019, there is not any amount subject to repurchase agreements (December 31, 2018: None).

As of December 31, 2019, there is a blocked/guaranteed amounting to TL 895 (December 31, 2018: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk	100.556	436.059	10.247	1.888
Others	33.942	1.920	225	109
Total	134.498	437.979	10.472	1.997

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 guarantee or blocked:

As of December 31, 2019, there is not any amount subject to repurchase agreements (December 31, 2018: None)

As of December 31, 2019, guaranteed/blocked nominal amount is TL 355.481 (December 31, 2018: TL 425.917)

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

	Current Period	Prior Period
Debt securities	1.966.602	1.093.920
Quoted on a stock exchange	1.966.602	1.093.920
Unquoted	-	-
Investment Funds	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Share certificates	23.312	13.470
Quoted on a stock exchange	15.293	9.562
Unquoted	8.019	3.908
Impairment provision (-)	2.177	35.406
Total	1.987.737	1.071.984

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

4. Information on financial assets measured at amortised cost:

a) Information on subject to repurchase transactions, given as a guarantee or blocked:

As of December 31, 2019, there is not any amount subject to repurchase agreements (December 31, 2018: None)

As of December 31, 2019, there is not any amount blocked/guaranteed (December 31: None)

b) Information on related to government securities measured at amortised cost:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	1.934.483	618.506
Total	1.934.483	618.506

^(*) Consists of Sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

c) Information related to financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	1.994.319	618.506
Quoted on a stock exchange	1.994.319	618.506
Unquoted	-	-
Impairment provision (-)	-	-
Total	1.994.319	618.506

ç) Movements of the financial investments measured at amortised cost:

	Current Period	Prior Period
Balance at beginning of period	618.506	532.803
Foreign currency differences on monetary assets	32.804	-
Purchases during period ^(*)	1.442.377	187.962
Disposals through sales and redemptions ^(*)	(132.000)	(142.329)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	32.632	40.070
Closing balance	1.994.319	618.506

^(*) Represented on nominal values

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	138	-	1.510	-
Swap Transactions	-	259	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	138	259	1.510	-

The Parent Bank has not any derivative financial assets for hedging purposes. (December 31, 2018: None).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	164.966	39.387	208.645	7.601
Corporate shareholders	164.690	39.037	208.367	7.251
Real person shareholders	276	350	278	350
Indirect loans granted to shareholders	632.926	27.308	173.457	32.410
Loans granted to employees	15.236	2	14.998	2
Total	813.128	66.697	397.100	40.013

b) Information on standart 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	
Cash Loans	Standard loans		Loans with revised contract terms	Refinancing
Loans	24.762.658	2.829.986	268.876	553.950
Export loans	1.351.678	8.228	-	-
Import loans	1.602.342	78.351	-	-
Business loans	13.038.036	2.454.010	212.870	416.862
Consumer loans	2.315.782	112.732	2.183	-
Credit cards	380.272	5.548	-	-
Loans given to financial sector	47.640	-	-	-
Other ^(*)	6.026.908	171.117	53.823	137.088
Other receivables	-	-	-	-
Total	24.762.658	2.829.986	268.876	553.950

^(*) Details of other loans are provided below:

Commercial loans with installments	1.207.001
Other investment credits	458.318
Loans given to abroad	1.698.852
Profit and loss sharing investments ^(**)	2.673.428
Loans for purchase of marketable securities for customer	283.110
Other	68.227
Total	6.388.936

^(**) As of December 31, 2019, the related balance represents profit and loss sharing investment projects (8 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 Parent 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 Parent Bank's share of loss is limited with the funds invested in the project by the Parent Bank. As of December 31, 2019, 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 96.206 (TL 173.780 valuation profit, TL 59.028 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. In addition to the fair value profit, as of December 31, 2019, the project sales profit accrual amounts to TL 15.716. In total, net profit from profit and loss sharing investments is TL 130.468.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

- I. Explanations and notes related to consolidated assets (continued):
6. Information on loans (continued):
- b) Information on standart loans and loans under close monitoring including restructured or rescheduled loans (continued):
- b1) Detailed table for standard loans and loans under close monitoring including restructured or rescheduled loans (continued):

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
Loans	19.961.950	4.586.686	84.914	540.129
Export loans	1.011.290	81.016	-	-
Import loans	1.708.418	132.927	155	-
Business loans	9.526.688	3.794.661	79.045	413.192
Consumer loans	2.326.204	177.374	4.703	-
Credit cards	313.127	16.801	-	-
Loans given to financial sector	63.275	-	-	-
Other ^(*)	5.012.948	383.907	1.011	126.937
Other receivables	-	-	-	-
Total	19.961.950	4.586.686	84.914	540.129

(*) Details of other loans are provided below:

Commercial loans with installments	1.301.900
Other investment credits	472.512
Loans given to abroad	1.143.043
Profit and loss sharing investments ^(**)	2.145.198
Loans for purchase of marketable securities for customer	370.076
Other	92.074
Total	5.524.803

(**) As of December 31, 2018, the related balance represents profit and loss sharing investment projects (10 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 Parent Bank, 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 Parent Bank's share of loss is limited with the funds invested in the project by the Parent Bank.

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	100.058	-
Significant Increase in Credit Risk	-	85.093
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	67.855	-
Significant Increase in Credit Risk	-	295.451

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

- I. Explanations and notes related to consolidated assets (continued):
6. Information on loans (continued):
- c) Maturity analysis of cash loans:

Cash Loans Current Period	Standard Loans	Loans Under Follow-Up	
		Non-restructured	Restructured
Short term loans	5.858.152	213.376	-
Medium and long-term loans ^(*)	18.904.506	2.616.610	822.826
Total	24.762.658	2.829.986	822.826

^(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

Cash Loans Current Period	Standard Loans	Loans Under Follow-Up	
		Non-restructured	Restructured
Short term loans	4.236.707	771.606	-
Medium and long-term loans ^(*)	15.725.243	3.815.080	625.043
Total	19.961.950	4.586.686	625.043

^(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	42.191	2.378.802	2.420.993
Housing loans	12.147	2.082.795	2.094.942
Vehicle loans	12.443	210.479	222.922
Consumer loans	17.601	85.528	103.129
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	212	212
Housing loans	-	212	212
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	104.320	172	104.492
With installment	33.424	164	33.588
Without installment	70.896	8	70.904
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	7.948	1.544	9.492
Housing loans	-	11	11
Vehicle loans	140	827	967
Consumer loans	7.808	706	8.514
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	5.723	21	5.744
With installment	2.541	21	2.562
Without installment	3.182	-	3.182
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (real person)	-	-	-
Overdraft account-FC (real person)	-	-	-
Total	160.182	2.380.751	2.540.933

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

ç) Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards (continued):

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TL	11.980	2.486.782	2.498.762
Housing loans	2.298	2.318.529	2.320.827
Vehicle loans	2.088	77.325	79.413
Consumer loans	7.594	90.928	98.522
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	99	99
Housing loans	-	99	99
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	90.527	-	90.527
With installment	29.971	-	29.971
Without installment	60.556	-	60.556
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	6.589	2.831	9.420
Housing loans	11	170	181
Vehicle loans	6	737	743
Consumer loans	6.572	1.924	8.496
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	5.578	-	5.578
With installment	2.347	-	2.347
Without installment	3.231	-	3.231
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	114.674	2.489.712	2.604.386

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

d) Information on commercial loans with installments and corporate credit cards:

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	58.262	756.177	814.439
Business loans	3.036	196.308	199.344
Vehicle loans	48.075	396.582	444.657
Consumer loans	7.151	163.287	170.438
Other	-	-	-
Commercial installment loans-FC indexed	-	199.773	199.773
Business loans	-	101.807	101.807
Vehicle loans	-	23.898	23.898
Consumer loans	-	74.068	74.068
Other	-	-	-
Commercial installment Loans-FC	4.714	188.075	192.789
Business loans	-	113.768	113.768
Vehicle loans	4.714	32.017	36.731
Consumer loans	-	42.290	42.290
Other	-	-	-
Corporate credit cards-TL	275.332	252	275.584
With installment	71.610	235	71.845
Without installment	203.722	17	203.739
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	338.308	1.144.277	1.482.585

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	24.569	723.152	747.721
Business loans	3.123	215.884	219.007
Vehicle loans	14.958	195.023	209.981
Consumer loans	6.488	312.245	318.733
Other	-	-	-
Commercial installment loans-FC indexed	260	372.637	372.897
Business loans	-	196.574	196.574
Vehicle loans	133	59.305	59.438
Consumer loans	127	116.758	116.885
Other	-	-	-
Commercial installment Loans-FC	1.531	179.751	181.282
Business loans	-	138.162	138.162
Vehicle loans	1.531	4.178	5.709
Consumer loans	-	37.411	37.411
Other	-	-	-
Corporate credit cards-TL	233.823	-	233.823
With installment	54.103	-	54.103
Without installment	179.720	-	179.720
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	260.183	1.275.540	1.535.723

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

e) Allocation of loans by customers:

	Current Period	Prior Period
Public	227.525	-
Private	28.187.945	25.173.679
Total	28.415.470	25.173.679

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	26.716.618	24.030.636
Foreign loans	1.698.852	1.143.043
Total	28.415.470	25.173.679

g) Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TP	YP	TP	YP
Direct Loans Granted to Subsidiaries and Associates	3	-	1	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total	3	-	1	-

ğ) Specific provisions for loans or provisions for default loans (stage 3):

	Current Period	Prior Period
Loans with limited collectability	250.661	107.883
Loans with doubtful collectability	114.063	82.362
Uncollectible loans	581.907	703.240
Total	946.631	893.485

Specific provisions in the amount of TL 946.631 (December 31, 2018: TL 893.485) comprise TL 418.351 (December 31, 2018: TL 464.428) of participation account share of loans provided from participation accounts.

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	1.645	42.080	92.590
Restructured loans	1.645	42.080	92.590
Prior period			
(Gross amount before specific provisions)	1.233	7.597	24.632
Restructured loans and other receivables	1.233	7.597	24.632

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	346.493	341.237	1.200.817
Additions in the current period (+)	982.060	80.672	177.977
Transfers from other categories of non-performing loans (+)	-	790.836	688.296
Transfers to other categories of non-performing loans (-)	790.836	688.296	-
Collections in the current period (-)	62.083	122.433	191.240
Transfers to standard loans (-) ^(*)	9.200	82.368	440.209
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	466.434	319.648	1.435.641
Provisions (-)	250.661	114.063	581.907
Net balance at the balance sheet	215.773	205.585	853.734

^(*) According to change in "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 written off amount is TL 441.418 and its effect to NPL ratio is 131 basis point.

Non-performing loans and receivables in the amount of TL 2.221.723 comprise TL 1.120.746 of participation account share of loans provided from participation accounts.

	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	68.903	268.963	874.744
Additions in the current period (+)	1.015.020	164.492	208.578
Transfers from other categories of non-performing loans (+)	-	551.598	439.614
Transfers to other categories of non-performing loans (-)	551.598	439.614	-
Collections in the current period (-)	113.506	160.552	195.990
Transfers to standard loans (-)	-	-	-
Write offs (-) ^(*)	72.326	43.650	126.129
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	72.326	43.650	126.129
Closing balance of the current period	346.493	341.237	1.200.817
Specific provisions (-)	107.883	82.362	703.240
Net balance at the balance sheet	238.610	258.875	497.577

^(*) The Parent Bank has assigned TL 242.105 from its non-performing loan portfolio to asset management companies.

Non-performing loans in the amount of TL 1.888.547 comprise TL 1.005.830 of participation account share of loans provided from participation accounts.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	262.392	19.248	99.860
Provision (-)	162.380	5.990	48.339
Net balance	100.012	13.258	51.521
Prior period:			
Period end balance	9.868	89.051	96.284
Specific provision (-)	4.714	2.080	47.628
Net balance	5.154	86.971	48.656

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)	215.773	205.585	853.734
Loans to individuals and corporates (gross)	466.434	319.648	1.435.641
Provision (-)	250.661	114.063	581.907
Loans to individuals and corporates (net)	215.773	205.585	853.734
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)^(*)	238.610	258.875	497.577
Loans to individuals and corporates (gross)	346.493	341.237	1.200.817
Specific provision (-)	107.883	82.362	703.240
Loans to individuals and corporates (net)	238.610	258.875	497.577
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period (Net)	19.373	43.571	180.590
Profit Share Accruals and Valuation Differences	25.237	58.290	279.633
Provision (-)	5.864	14.719	99.043
Prior Period (Net)	38.694	30.522	68.964
Profit Share Accruals and Valuation Differences	55.013	38.336	187.489
Provision (-)	16.319	7.814	118.525

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 the Parent Bank management. As of December 31, 2019, loans which deemed uncollectible amounts to TL 441.418 have been written off as per the decision taken by the Parent Bank management. (December 31, 2018: TL 242.105 has been assigned to the asset management companies.

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	54.436	36.045	98.287	92.097
1 to 4 years	137.190	126.827	212.039	184.566
More than 4 years	83.308	80.806	112.474	102.891
Total	274.934	243.678	422.800	379.554

b) Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	274.934	422.800
Unearned financial lease receivable (-)	31.256	43.246
Net receivable from financial leases	243.678	379.554

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

c) General explanation on finance lease contracts:

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

Information on leasing receivables:

	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)	231.435	10.337	1.906	-	
Prior Period					
Financial lease receivables (Net)	272.979	105.226	1.349	-	

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	649.688	84.230
Additions	159.027	875.842
Disposals	(62.075)	(40.610)
Transfers (*)	(835.806)	(58.968)
Impairment Provision (-)/Reversal of Impairment Provision(*)	213.646	(210.806)
Net closing balance	124.480	649.688

(*) 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, 2019, TL 123.357 (December 31, 2018: TL 646.597) of the assets held for sale is comprised of real estates, TL 1.123 (December 31, 2018: TL 3.091) is comprised of other tangible assets. The Parent Bank has not any discontinued operations and assets of discontinued operations.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

9. Ownership investments:

a) Associates:

a.1) Information on consolidated associates:

Since the Parent Bank does not have the necessary shareholding percentage to become a qualified shareholder and significant influence over this associate, it has not been consolidated.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Parent Bank's risk group share percentage (%)
Kredi Garanti Fonu A.Ş.	Ankara/Turkey	1,49	-

The balances of Kredi Garanti Fonu A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2018.

Total assets	Shareholders' equity	Total non- current assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
476.692	392.969	25.822	-	-	64.893	32	-

The associates of Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu controlled by Parent Bank namely Inooster Bilgi Teknolojileri A.Ş., Pedudi Bilişim Teknolojileri A.Ş., Tam Entegre Yazılım A.Ş. and Kronnika Bilgi Teknolojileri A.Ş. have not been consolidated since they are non-financial associates. The information related to those companies as of December 31, 2019 is as follows:

Title	Operation Center (City/Country)	Main Activities	Capital	(Fund) Share Percentage (%)	Fair value of the amount invested by the Fund
Inooster Bilgi Teknolojileri A.Ş.	İstanbul / Türkiye	Information Technologies	59	15	519
Pedudi Bilişim Teknolojileri A.Ş.	Kocaeli/ Türkiye	Information Technologies	50	20	544
Tam Entegre Yazılım A.Ş.	İstanbul/Türkiye	Information Technologies	50	30	254
Kronnika Bilgi Teknolojileri A.Ş.	İstanbul/Türkiye	Information Technologies	100	20	2.043

a.2) Information on consolidated associates:

As of balance sheet date, the Group does not have any consolidated associates.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

9. Ownership investments (continued):

b. Information on subsidiaries (net):

b.1) Information on consolidated subsidiaries:

As per BOD decision dated December 22, 2017 "Albaraka Kültür Sanat ve Yayıncılık A.Ş." has been established. As of December 31, 2019, the company's capital is TL 3.540 and the Parent Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

As per BOD decision dated December 24, 2018 "Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret Anonim Şirketi" has been established. As of December 31, 2019, the company's capital is TL 18.000 and the Parent Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

Natura Gıda Sanayi ve Ticaret A.Ş., which is an associate of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, has not been consolidated since it is a none financial entity.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	(Fund) Share percentage (%)
Natura Gıda Sanayi ve Ticaret A.Ş.	Istanbul /Turkey	-	81,90

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, 2018.

Total assets	Shareholders' equity	Non- current assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss
464.641	(380.893)	266.993	184	-	(217.713)	(499.859)

b.2) Information on consolidated subsidiaries:

i) Bereket Varlık Kiralama A.Ş. which is subject to consolidation by the Parent Bank founded on October 14, 2011, the purpose of which is 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. has 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 Turkey and other related regulations, upon BRSA's opinion dated September 22, 2011, numbered B.02.1.BDK.0.13.00.0-91.11-20564 and permission of Capital Markets Board of Turkey dated October 6, 2011 numbered 32/923. The founding capital of the Company is TL 50. As of December 31, 2019, the capital of the Company is TL 400. Bereket Varlık Kiralama A.Ş. is consolidated using full consolidation method as of December 31, 2019.

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2019.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	100,00	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

9. Ownership investments (continued):

b.2) Information on consolidated subsidiaries (continued):

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
2.742.621	507	-	-	-	104	3	-

ii) 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, 2019, the capital of the company is TL 16.000. Albaraka Portföy Yönetimi A.Ş. is consolidated using full consolidation method as of December 31, 2019.

The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2019.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Portföy Yönetimi A.Ş.	Istanbul/Turkey	100,00	-

Total assets	Shareholders' equity	Total non-current assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
32.966	30.697	205	342	4.413	13.397	686	-

iii) As of December 31, 2019, not audited financial statements of the Parent Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" 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
1.826.367 €	1.755.164 €	-	-	-	(1.174.997) €	(5.620) €	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

9. Ownership investments (continued):

b.2) Information on consolidated subsidiaries (continued):

iv) Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	11.307	5.400
Movements inside the term	12.404	5.907
Purchases/new incorporations/capital increases	12.404	5.907
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	23.711	11.307
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	23.711	11.307

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.

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, 2019, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financial data from not audited financial statements as of December 31, 2019 are below:

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.	50,00	50,00	167.363	2.445.814	2.454.654	139.324	(111.810)

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

9. Ownership investments (continued):

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, 2019 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. One Tower Gayrimenkul Yatırım Fonu	91,28	91,28	366.152	63.151	45.896	17.255
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	94,03	94,03	370.369	30.329	10.397	19.932
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	86,16	86,16	293.919	41.814	15.353	26.461
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	100,00	100,00	263.246	52.144	6.167	45.977
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	84,54	84,54	162.781	4.569	4.793	(224)
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu ^(*)	100,00	100,00	10.000	1.529	261	1.268
Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu	45,94	45,94	1.000	571	38	533
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	73,97	73,97	800	182	38	144
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	95,56	95,56	1.600	457	38	419
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu	67,88	67,88	700	239	31	208

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

10. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other ^(*)	Assets held for sale	Total
Cost						
Opening balance: January 1, 2019	445.917	-	733	267.958	187.356	901.964
Additions	316.868	-	121	56.278	5	373.272
Revaluation differences	31.588	-	-	-	-	31.588
Disposals	(500)	-	-	(15.513)	(67.901)	(83.914)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(212.178)	(212.178)
Transfers	-	-	-	-	835.806	835.806
Ending balance: December 31, 2019	793.873	-	854	308.723	743.088	1.846.538
Accumulated depreciation(-)						
Opening balance: January 1, 2019	55.622	-	539	187.219	3.127	246.507
Depreciation expense	56.735	-	67	42.208	-	99.010
Reversal of depreciation of the disposed assets	(73)	-	-	(14.780)	(711)	(15.564)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2019	112.284	-	606	214.647	2.416	329.953
Total cost at the end of the year	793.873	-	854	308.723	743.088	1.846.538
Total accumulated depreciation at the end of the year	(112.284)	-	(606)	(214.647)	(2.416)	(329.953)
Closing net book value	681.589	-	248	94.076	740.672	1.516.585
Prior period						
Cost						
Opening balance: January 1, 2018	420.829	-	808	245.567	145.274	812.478
Additions	2.717	-	115	33.911	518	37.261
Revaluation differences	26.779	-	-	-	-	26.779
Disposals	(4.408)	-	(190)	(11.520)	(15.725)	(31.843)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	(1.679)	(1.679)
Transfers	-	-	-	-	58.968	58.968
Ending balance: December 31, 2018	445.917	-	733	267.958	187.356	901.964
Accumulated depreciation(-)						
Opening balance: January 1, 2018	46.238	-	653	172.719	3.200	222.810
Depreciation expense	9.876	-	65	28.161	-	38.102
Reversal of depreciation of the disposed assets	(492)	-	(179)	(13.661)	(73)	(14.405)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2018	55.622	-	539	187.219	3.127	246.507
Total cost at the end of the year	445.917	-	733	267.958	187.356	901.964
Total accumulated depreciation at the end of the year	(55.622)	-	(539)	(187.219)	(3.127)	(246.507)
Closing net book value	390.295	-	194	80.739	184.229	655.457

As of December 31, 2019, the immovables of the Parent Bank have been revalued by an independent valuer and revaluation fund of TL 270.910 (December 31, 2018: TL 251.889) net of deferred tax and depreciation has been reflected in the financial statements. After the revaluation, the cost of the Parent Bank's immovables amounting to TL 475.522 (December 31, 2018: TL 445.917), their amortisations amounting to TL 66.192 (December 31, 2018: TL 55.622), net carrying value is TL 409.330 (December 31, 2018: TL 390.295). As of December 31, 2019, the cost of the movables and immovable recognized as "right of use" under tangible assets in the balance sheet of the Parent Bank is TL 340.638, related amortisations amounting to TL 56.909. The initial transition effect of "IFRS 16 Leases" standard has been represented under additions line for more information please see Section three: Accounting Policies, Accounting policies and valuation principles applied in the preparation of financial statements, Reclassifications of TFRS 16.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

11. Information on intangible assets:

a) Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Gross book value	173.390	155.286
Accumulated depreciation (-)	137.580	118.552
Total (net)	35.810	36.734

b) Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	36.734	28.479
Additions	17.483	27.223
Disposals (-) (net)	-	305
Depreciation expense (-)	18.407	18.663
Closing net book value	35.810	36.734

12. Information on investment property:

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment properties (*)	1.419.315	-	1.074.667	-
Total	1.419.315	-	1.074.667	-

(*) Includes investment properties of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu".

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

13. Information related to deferred tax asset:

As of December 31, 2019, the Group calculated net deferred tax asset of TL 166.345 (December 31, 2018: TL 169.474) by netting off deferred tax asset of TL 229.707 (December 31, 2018: TL 201.353) and deferred tax liability of TL 63.362 (December 31, 2018: TL 31.879) 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	56.241	38.067
Provisions for retirement premium and vacation pay liabilities	20.147	14.986
Difference between carrying value and tax base of tangible assets (amortization differences)	20.010	7.035
Depreciation of tangible assets	42.801	47.404
Provisions for cases on trial	3.444	953
Revaluation difference of financial assets measured at fair value through other comprehensive income	-	7.884
Provisions	24.961	68.717
Leasing profit share expenses	11.832	-
Other	50.271 ^(*)	16.307
Deferred tax asset	229.707	201.353
Revaluation difference of property	21.063	17.718
Rediscount on profit share	8.445	10.645
Right of use assets	19.710	-
Revaluation difference of financial assets measured at fair value through other comprehensive income	11.298	-
Other	2.846	3.516
Deferred tax liability	63.362	31.879
Deferred tax asset (net)	166.345	169.474

^(*) Includes TL 45.796 subjected to deferred tax arising from previous years' losses.

14. Information on other assets:

As of the balance sheet date, the Group's other assets balance is TL 648.648 (December 31, 2018: TL 523.353) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

II. Explanations and notes related to consolidated liabilities:

1. Information on funds collected:

a) Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	1.683.275	-	-	-	-	-	-	-	1.683.275
II. Real Persons Participation Accounts Non-Trade TL	-	2.908.832	5.077.473	207.355	-	34.125	401.888	13.686	8.643.359
III. Current Account other-TL	2.515.654	-	-	-	-	-	-	-	2.515.654
Public Sector	68.515	-	-	-	-	-	-	-	68.515
Commercial Institutions	2.345.346	-	-	-	-	-	-	-	2.345.346
Other Institutions	76.454	-	-	-	-	-	-	-	76.454
Commercial and Other Institutions	18.415	-	-	-	-	-	-	-	18.415
Banks and Participation Banks	6.924	-	-	-	-	-	-	-	6.924
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	6.788	-	-	-	-	-	-	-	6.788
Participation Banks	134	-	-	-	-	-	-	-	134
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	343.256	1.329.289	41.872	-	56.180	59.858	183	1.830.638
Public Sector	-	56	81	-	-	-	-	-	137
Commercial Institutions	-	300.413	1.140.561	38.821	-	55.674	57.009	183	1.592.661
Other Institutions	-	21.522	185.968	3.051	-	506	2.849	-	213.896
Commercial and Other Institutions	-	21.265	2.288	-	-	-	-	-	23.553
Banks and Participation Banks	-	-	391	-	-	-	-	-	391
V. Real Persons Current Accounts Non-Trade FC	3.978.509	-	-	-	-	-	-	-	3.978.509
VI. Real Persons Participation Accounts Non-Trade FC	-	3.281.952	5.189.583	463.346	-	30.296	1.062.696	1.388	10.029.261
VII. Other Current Accounts FC	4.839.287	-	-	-	-	-	-	-	4.839.287
Residents in Turkey-Corporate	3.240.586	-	-	-	-	-	-	-	3.240.586
Residents Abroad-Corporate	811.306	-	-	-	-	-	-	-	811.306
Banks and Participation Banks	787.395	-	-	-	-	-	-	-	787.395
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	781.931	-	-	-	-	-	-	-	781.931
Participation Banks	5.464	-	-	-	-	-	-	-	5.464
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	498.817	2.893.485	612.470	-	6.545	14.971	27	4.026.315
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	348.427	2.117.663	39.815	-	6.545	14.922	27	2.527.399
Other institutions	-	4.130	49.904	6	-	-	-	-	54.040
Commercial and Other Institutions	-	65.806	173.495	4.626	-	-	49	-	243.976
Banks and Participation Banks	-	80.454	552.423	568.023	-	-	-	-	1.200.900
IX. Precious Metals Deposits	878.269	285.168	954.585	27.361	-	9.509	37.828	182	2.192.902
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	13.894.994	7.318.025	15.444.415	1.352.404	-	136.655	1.577.241	15.466	39.739.200

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

1. Information on funds collected (continued):

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	1.134.274	-	-	-	-	-	-	-	1.134.274
II. Real Persons Participation Accounts Non-Trade TL	-	2.428.892	3.925.701	138.487	-	29.371	439.698	10.667	6.972.816
III. Current Account other-TL	1.673.133	-	-	-	-	-	-	-	1.673.133
Public Sector	44.119	-	-	-	-	-	-	-	44.119
Commercial Institutions	1.545.407	-	-	-	-	-	-	-	1.545.407
Other Institutions	56.880	-	-	-	-	-	-	-	56.880
Commercial and Other Institutions	3.513	-	-	-	-	-	-	-	3.513
Banks and Participation Banks	23.214	-	-	-	-	-	-	-	23.214
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	23.211	-	-	-	-	-	-	-	23.211
Participation Banks	1	-	-	-	-	-	-	-	1
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	246.578	1.369.688	186.881	-	7.553	104.511	32	1.915.243
Public Sector	-	68	1.190	-	-	-	-	-	1.258
Commercial Institutions	-	226.938	1.220.594	133.657	-	6.309	97.729	32	1.685.259
Other Institutions	-	19.552	147.337	53.224	-	1.244	4.931	-	226.288
Commercial and Other Institutions	-	20	5	-	-	-	1.851	-	1.876
Banks and Participation Banks	-	-	562	-	-	-	-	-	562
V. Real Persons Current Accounts Non- Trade FC	2.253.033	-	-	-	-	-	-	-	2.253.033
VI. Real Persons Participation Accounts Non-Trade FC	-	2.200.909	3.871.958	301.876	-	26.181	638.977	387	7.040.288
VII. Other Current Accounts FC	3.200.185	-	-	-	-	-	-	-	3.200.185
Residents in Turkey-Corporate	2.386.238	-	-	-	-	-	-	-	2.386.238
Residents abroad-Corporate	388.771	-	-	-	-	-	-	-	388.771
Banks and Participation Banks	425.176	-	-	-	-	-	-	-	425.176
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	420.247	-	-	-	-	-	-	-	420.247
Participation Banks	4.929	-	-	-	-	-	-	-	4.929
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	465.979	2.232.544	207.092	-	12.236	11.108	-	2.928.959
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	255.551	1.400.746	62.073	-	12.236	11.068	-	1.741.674
Other Institutions	-	2.986	29.705	3.613	-	-	-	-	36.304
Commercial and Other Institutions	-	10.986	208.223	3.371	-	-	40	-	222.620
Banks and Participation Banks	-	196.456	593.870	138.035	-	-	-	-	928.361
IX. Precious Metals Deposits	465.759	184.260	706.317	31.486	-	8.140	25.303	135	1.421.400
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	8.726.384	5.526.618	12.106.208	865.822	-	83.481	1.219.597	11.221	28.539.331

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

b) Information on participation fund under the guarantee of insurance:

b.1) Exceeding the limit of insurance fund:

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

	Under the guarantee of Insurance	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	5.855.401	4.415.669	4.471.232	3.691.420
Foreign currency accounts	4.485.043	2.621.145	11.489.849	7.874.166
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	40.415	28.459
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	16.974	12.634
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

2. Information on borrowings:

a.1) Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	1.665.370
Wakala Loans	-	978.465	-	1.210.541
Other	100.219	712.914	220.698	292.941
Total	100.219	1.691.379	220.698	3.168.852

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	100.219	252.151	54.568	292.942
Loans from foreign banks, institutions and funds	-	1.439.228	166.130	2.875.910
Total	100.219	1.691.379	220.698	3.168.852

a.3) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	100.219	1.129.603	62.933	1.354.439
Medium and Long-Term	-	561.776	157.765	1.814.413
Total	100.219	1.691.379	220.698	3.168.852

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, 2018: None).

3. Information on securities issued:

a) Breakdown of sukuk issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	2.519.419	-	1.405.143	1.753.909
Total	2.519.419	-	1.405.143	1.753.909

4. a) Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	504	41	205	-
Swap transactions	-	304	1.340	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	504	345	1.545	-

The Parent Bank has not any derivative financial liabilities for hedging purposes (December 31, 2018: None).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

5. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	6.291	-	-	-
1 to 5 years	81.724	1.199	-	-
Over 5 years	199.740	11.706	-	-
Total	287.755	12.905	-	-

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 86.118 (December 31, 2018: TL 62.219), vacation pay liability amounting to TL 13.270 (December 31, 2018: TL 11.178), performance premium amounting to TL 750 (December 31, 2018: 500), totalling to TL 100.138 (December 31, 2018: TL 73.897). The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	11,70	16,00
Estimated increase rate of salary ceiling (%)	8,90	12,30

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

	Current Period	Prior Period
Prior period ending balance	62.219	50.664
Change in the period	20.565	14.875
Actuarial (gain)/loss	13.716	2.892
Paid during the period	(10.382)	(6.212)
Balance at the end of the period	86.118	62.219

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

b.) Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	11.047	6.192
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	-
Third stage expected loss provision for unindemnified letter of guarantees	3.686	3.037
Third stage expected loss provision for cheques commitments	3.883	2.309
Provision for promotions related with credit cards and promotion of banking services	224	212
Provisions for cases on trial	15.655	4.440
Accrual for purchase and sale commitments	291	148
Other	772	645
Total	35.558	16.983

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

As of December 31, 2019, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 901 (December 31, 2018: TL 3.802) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

7. Information on taxes payable:

a) Explanations on current tax liability:

a.1) Explanations on tax provisions:

As of December 31, 2019, the Group's corporate tax payable is TL 5.586 (December 31, 2018: TL 5.237) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	5.586	5.237
Banking insurance transaction tax	14.130	17.552
Taxation on securities income	24.408	12.024
Value added tax payable	1.872	1.532
Taxation on real estate income	1.230	1.233
Foreign exchange transaction tax	2.274	-
Income tax deducted from wages	10.442	9.465
Other	1.967	1.073
Total	61.909	48.116

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	5.520	4.556
Social security premiums-employer	5.994	4.948
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	392	322
Unemployment insurance-employer	785	646
Other	-	-
Total	12.691	10.472

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

8. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2018: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II	-	1.375.164	-	1.204.297
Subordinated loans	-	1.375.164	-	1.204.297
Subordinated debt instruments	-	-	-	-
Total	-	1.375.164	-	1.204.297

The Parent Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey 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 10,5%. The Parent Bank has repurchased the sukuk issued in the amount of USD 20.161.000 and this amount is offset in Financial Assets Measured at Fair Value through Other Comprehensive Income and subordinated loans.

The Parent Bank has realized unmaturing 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, 2018: None).

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	900.000	900.000
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 December 27, 2016 for the extension of the Registered Capital Ceiling to the Capital Markets Board was approved on January 10, 2017 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2021.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	900.000	2.500.000

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

11. Information on shareholders' equity (continued):

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

The Parent Bank has completed capital increase through rights issues in December 2019. As of December 31, 2019, the capital has not been registered and the added amount (TL 450.000) has been represented under "Other Capital Reserves" on the balance sheet.

c) 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 (*)	3.499	36.033	(23.215)	(5.566)
Foreign exchange difference	-	-	-	-
Total	3.499	36.033	(23.215)	(5.566)

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

ğ) Information on other capital reserves:

The Parent Bank has evaluated its perpetual 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.

The coupon payment for the related transaction amounting to TL 112.284 (December 31, 2018: TL 60.051) has been recognized under prior years profit / loss.

h) Information on minority shares:

As of December 31, 2019, minority shares calculated for full-consolidated uncontrolled shares amount to TL 157.436 (December 31, 2018: TL 262.064).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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	769.342	630.690
Payment commitments for cheques	631.606	537.673
Asset purchase and sale commitments	437.404	476.958
Loan granting commitments	262.517	215.439
Tax and funds liabilities arising from export commitments	10.381	6.906
Commitments for promotions related with credit cards and banking activities	335	332
Other irrevocable commitments	528	387
Total	2.112.113	1.868.385

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	8.718.394	8.574.565
Bank loans	14.463	39.338
Letters of credit	1.329.920	1.229.615
Other guaranties and sureties	368.661	202.179
Total	10.431.438	10.045.697

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

	Current Period	Prior Period
Letters of guarantees	8.718.394	8.574.565
Long standing letters of guarantees	5.448.790	5.149.800
Temporary letters of guarantees	371.560	191.708
Advance letters of guarantees	362.686	369.112
Letters of guarantees given to customs	366.118	252.510
Letters of guarantees given for obtaining cash loans	2.169.240	2.611.435
Sureties and similar transactions	368.661	202.179
Total	9.087.055	8.776.744

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	2.169.240	2.611.435
With original maturity of 1 year or less	555.521	917.931
With original maturity of more than 1 year	1.613.719	1.693.504
Other non-cash loans	8.262.198	7.434.262
Total	10.431.438	10.045.697

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

	Current period			
	TL	(%)	FC	(%)
Agricultural	41.099	0,80	45.800	0,86
Farming and stockbreeding	23.964	0,47	44.801	0,84
Forestry	16.274	0,32	999	0,02
Fishery	861	0,02	-	0,00
Manufacturing	1.266.579	24,70	2.568.269	48,43
Mining	34.091	0,66	38.262	0,72
Production	892.192	17,40	2.186.913	41,24
Electricity, gas and water	340.296	6,64	343.094	6,47
Construction	1.160.560	22,63	688.776	12,99
Services	2.574.523	50,20	1.889.532	35,63
Wholesale and retail trade	1.304.624	25,44	1.076.518	20,30
Hotel, food and beverage services	45.111	0,88	163.865	3,09
Transportation and telecommunication	146.265	2,85	127.457	2,40
Financial Institutions	236.391	4,61	357.093	6,73
Real estate and renting services	533.096	10,39	118.977	2,24
Self-employment services	127.927	2,49	36.258	0,68
Education services	50.922	0,99	541	0,01
Health and social services	130.187	2,54	8.823	0,17
Other	85.741	1,67	110.559	2,08
Total	5.128.502	100,00	5.302.936	100,00
	Prior period			
	TL	(%)	FC	(%)
Agricultural	48.322	1,04	33.389	0,62
Farming and stockbreeding	20.888	0,45	27.688	0,51
Forestry	25.422	0,55	906	0,02
Fishery	2.012	0,04	4.795	0,09
Manufacturing	1.025.981	22,03	2.944.516	54,63
Mining	20.663	0,44	25.039	0,46
Production	650.808	13,98	2.435.225	45,19
Electricity, gas and water	354.510	7,61	484.252	8,98
Construction	1.375.102	29,54	641.315	11,90
Services	2.124.928	45,64	1.682.374	31,21
Wholesale and retail trade	981.935	21,09	763.206	14,16
Hotel, food and beverage services	43.723	0,94	133.179	2,47
Transportation and telecommunication	89.681	1,93	216.910	4,02
Financial Institutions	387.797	8,33	344.956	6,40
Real estate and renting services	406.294	8,73	143.681	2,67
Self-employment services	89.441	1,92	48.699	0,90
Education services	26.275	0,56	489	0,01
Health and social services	99.782	2,14	31.254	0,58
Other	81.502	1,75	88.268	1,64
Total	4.655.835	100,00	5.389.862	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	4.857.876	5.130.896	231.175	141.699
Letters of guarantee	4.828.965	3.449.486	230.683	139.468
Bank loans	-	14.463	-	-
Letters of credit	257	1.327.432	-	2.231
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	28.654	339.515	492	-

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	4.255.685	4.354.920	350.505	1.016.629
Letters of guarantee	4.225.529	2.929.525	350.377	1.001.176
Bank loans	-	39.338	-	-
Letters of credit	7.852	1.215.649	128	5.986
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	22.304	170.408	-	9.467

2. Explanations on derivative transactions:

	Derivative transactions according to purpose December 31,2019	Derivative transactions according to purpose December 31,2018
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	133.090	529.944
Currency Forwards-Purchases, sales	75.187	52.727
Currency Swaps-Purchases, sales	57.903	477.217
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)	133.090	529.944
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	133.090	529.944

3. Explanations on contingent assets and liabilities:

The Parent Bank has made a provision amounting to TL 15.655 (December 31, 2018: TL 4.440), 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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	519.583	153.434	489.130	75.802
Medium and Long-Term Loans	1.546.305 ^(**)	550.248	1.519.924	467.971
Profit Share on Non-Performing Loans	186.228	4.238	97.880	544
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	2.252.116	707.920	2.106.934	544.317

^(*) Includes fees and commission income on cash loans.

^(**) Total TL 170.950 is the accrued profit from profit and loss investments and TL 155.234 of this profit is fair value profit.

b) Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	23.076	28.821	18.673	39.884
Domestic Banks	539	1.734	734	1.857
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	23.615	30.555	19.407	41.741

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	1.165	5.072	483	450
Financial Assets Measured at Fair Value through Other Comprehensive Income	92.070	63.584	103.002	23.976
Financial Assets Measured at Amortised Cost	82.866	25.715	87.617	-
Total	176.101	94.371	191.102	24.426

ç) Information on profit share income received from associates and subsidiaries:

None (December 31, 2018: None).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

2. Explanations on profit share expenses:

a) Distribution of profit share expense on funds collected based on maturity of funds collected:

Current Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	89	291	-	-	-	-	-	380	
Real persons' non-trading profit sharing accounts	326.987	564.381	19.969	-	3.685	61.664	1.731	978.417	
Public sector profit sharing accounts	10	28	-	-	-	-	-	38	
Commercial sector profit sharing accounts	38.287	224.761	24.659	-	9.645	18.726	7	316.085	
Other institutions profit sharing accounts	3.322	27.249	1.920	-	1.492	761	-	34.744	
Total	368.695	816.710	46.548	-	14.822	81.151	1.738	1.329.664	
FC									
Banks	3.554	13.640	5.570	-	-	-	-	22.764	
Real persons' non-trading profit sharing accounts	58.252	103.966	7.933	-	633	20.261	11	191.056	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	7.613	33.980	1.440	-	179	389	-	43.601	
Other institutions profit sharing accounts	608	3.808	126	-	-	1	-	4.543	
Precious metals deposits	479	2.423	78	-	66	243	1	3.290	
Total	70.506	157.817	15.147	-	878	20.894	12	265.254	
Grand total	439.201	974.527	61.695	-	15.700	102.045	1.750	1.594.918	

Prior Period		Profit sharing accounts						Accumulated profit sharing account	Total
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			
TL									
Funds collected from banks through current and profit sharing accounts	-	58	-	-	-	-	-	58	
Real persons' non-trading profit sharing accounts	285.189	500.069	14.847	-	3.496	53.235	1.067	857.903	
Public sector profit sharing accounts	16	101	-	-	-	-	-	117	
Commercial sector profit sharing accounts	32.004	170.117	6.443	-	1.078	5.813	3	215.458	
Other institutions profit sharing accounts	3.753	18.496	1.582	-	143	735	-	24.709	
Total	320.962	688.841	22.872	-	4.717	59.783	1.070	1.098.245	
FC									
Banks	9.260	13.456	2.252	-	14	-	-	24.982	
Real persons' non-trading profit sharing accounts	42.374	85.540	6.476	-	614	17.991	1	152.996	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	5.029	36.210	693	-	481	244	-	42.657	
Other institutions profit sharing accounts	1.650	6.210	158	-	-	1	-	8.019	
Precious metals deposits	1.168	7.068	346	-	120	561	1	9.264	
Total	59.481	148.484	9.925	-	1.229	18.797	2	237.918	
Grand total	380.443	837.325	32.797	-	5.946	78.580	1.072	1.336.163	

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	2.435	51.888	22.307	93.649
CBRT	-	-	-	-
Domestic banks	-	6.133	-	8.717
Foreign banks	2.435	45.755	22.307	84.932
Head offices and branches abroad	-	-	-	-
Other institutions	11.792	156.559	2.877	156.317
Total	14.227	208.447	25.184	249.966

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	1.750	74	274	510
Total	1.750	74	274	510

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	417.097	58.037	119.463	118.732
Total	417.097	58.037	119.463	118.732

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
Member firm-POS fees and commissions	76.369	52.460
Clearing room fees and commissions	57.625	39.837
Commissions on money orders	20.362	12.144
Appraisal fees	10.706	9.536
Insurance and brokerage commissions	19.579	12.878
Checks and bills commissions	3.591	3.218
Safe deposit box commissions	2.164	1.992
Advocacy service commissions	4.726	6.152
Service pack commissions	15.171	10.263
Enquiry fees received	3.304	1.112
Fees and commissions from correspondent banks	3.039	1.704
Export credit commissions	3.682	2.089
Prepaid import commissions	13.339	7.954
Other	37.672	16.613
Total	271.329	177.952
Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	13.416	33.459
Credit cards fees and commissions	21.057	13.947
Member firm-POS fees and commissions	28.572	23.084
Fees and commissions for Swift, EFT and money orders	22.088	14.872
Other	10.092	9.235
Total	95.225	94.597

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

4. Information on dividend income:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit/loss (FVTPL)	-	-	-	-
Financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	-	-
Other	-	-	177	-
Total	-	-	177	-

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

	Current Period	Prior Period
Income	11.101.412	12.649.798
Income from capital market transactions	66.310	565
Income from derivative financial instruments	88.113	40.751
Foreign exchange income	10.946.989	12.608.482
Loss (-)	10.876.585	12.344.132
Loss on capital market transactions	3.014	4.273
Loss on derivative financial instruments	110.105	66.982
Foreign exchange losses	10.763.466	12.272.877
Trading Income/Loss (net)	224.827	305.666

6. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	456.494	314.306
Income from sale of assets	36.332	28.365
Communication income	11.688	7.112
Reversal of vacation pay expenses provision	-	-
Cheque book charges	1.866	1.502
Operating Lease Income	10.005	4.699
Real estate revaluation income ^(*)	134.257	68.955
Real estate rental income ^(*)	18.501	17.596
Real estate sales income ^(*)	20.801	19.856
Other income ^(**)	34.500	8.382
Total	724.444	470.773

^(*) Represents the income from real estates' portfolio under real estate investment funds.

^(**) The balance includes TL 12.562 income arising from derivative's accounting and subjection to corporate income tax in the prior periods (this amount is deducted from banking and insurance transaction payable tax), TL 1.520 is the income deducted from banking and insurance transaction payable tax related to investment allowances.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

7. Informations on Expected Credit Losses:

	Current Period	Prior Period
Expected Credit Loss	706.313	582.494
12 month expected credit loss (stage 1)	47.570	29.198
Significant increase in credit risk (stage 2)	25.288	130.997
Non-performing loans (stage 3)	633.455	422.299
Marketable Securities Impairment Expense	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other (*)	67.683	25.342
Total	773.996	607.836

Expected credit losses amount to TL 773.996 (December 31, 2018: TL 607.836) includes TL 286.461 (December 31, 2018: TL 244.196) representing participation account share of expected credit losses of loans provided from participation accounts.

(*) Details of the "other" amount is as follows:

	Current Period	Prior Period
Expected credit losses 1st and 2nd group non-cash loans	5.276	6.132
Third stage expected loss provision for unindemnified non- cash loans	2.330	2.567
Expected credit losses (stage 1) for banks	228	15.973
Profit and loss sharing investments' fair value provision	59.028	-
Expected credit losses (stage 1) for other financial assets	-	439
Provision for expected losses for securities measured at amortized cost	821	231
Total	67.683	25.342

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	10.183	8.663
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	99.010	38.102
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	18.407	18.663
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	148	210.940
Other business expenses	152.525	218.344
Leasing Expenses on TFRS 16 Exceptions	3.180	-
Operating Lease Expenses	-	89.294
Maintenance and repair expenses	23.186	15.216
Advertisement expenses	14.736	24.271
Other expenses ^(*)	111.423	89.563
Loss on sale of assets	1.361	273
Other ^(**)	236.163	167.407
Total	517.797	662.392

^(*) Other expenses under "other business expenses" are provided as below:

	Current Period	Prior Period
Communication Expenses	26.024	17.487
Donations	8.061	10.071
Cleaning expenses	18.029	14.722
Heating, lighting and water expenses	14.569	10.179
Representation and Hosting expenses	9.191	7.865
Vehicle expenses	6.762	6.392
Lawsuit and court expenses	2.962	3.374
Movables Insurance Expenses	4.504	3.290
Stationery Expenses	3.265	2.733
Expense Share for Common Expenses	2.850	2.087
Group transportation costs	5.089	5.449
Other	10.117	5.914
Total	111.423	89.563

^(**) Details of "other" balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	77.345	45.377
Taxes, Duties, Charges and Funds	51.893	38.150
Expertise and Information Expenses	10.687	8.358
Audit and Consultancy Fees	15.776	21.859
Institution and Union Participation Share Expense	19.581	7.768
Residence Expenses ^(*)	14.549	9.444
Shopping Mall expenses ^(*)	36.494	11.740
Other	9.838	24.711
Total	236.163	167.407

^(*) Represents the expenses from real estates' portfolio under real estate investment funds.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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 Parent Bank's income before tax decreased by 41% compared to prior period and is realized as TL 124.461 (December 31, 2018: TL 209.923). Income before tax comprises net profit share income in the amount of TL 846.084 (December 31, 2018: TL 1.041.278) and fees and commission income in the amount of TL 299.245 (December 31, 2018: TL 197.508). Total other operating expenses amount to TL 517.797 (December 31, 2018: TL 662.392).

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, 2019, the Parent Bank has deferred tax income of TL 201.392 (December 31, 2018: TL 139.903) and deferred tax expense of TL 220.539 (December 31, 2018: TL 171.354). The current tax provision is TL 8.535 (December 31, 2018: TL 5.237).

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 124.461 (December 31, 2018: TL 209.923) by deducting tax provision expense amounting to TL 27.682 (December 31, 2018: TL 36.688) from profit from continued operations amounting to TL 96.779 (December 31, 2018: TL 173.235).

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	6.734	15.221

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 87.581 increase has occurred after the revaluation of financial assets measured at fair value through other comprehensive income (December 31, 2018: TL 14.318 decrease).

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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

- 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 16.782 as increase. (December 31, 2018: TL 36.025 increase).

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	Current Period
Cash	2.692.092	2.001.123
Cash in TL/foreign currency	823.466	365.436
Cash in transit	831.066	863.141
CBRT	1.037.560	772.546
Cash equivalents	4.417.767	888.600
Domestic banks	3.459.023	342.727
Foreign banks	958.744	545.873
Total cash and cash equivalents	7.109.859	2.889.723

- (b) Cash and cash equivalents at the end of the period:

	Current Period	Prior
Cash	4.027.884	2.692.092
Cash in TL/foreign currency	1.022.107	823.466
Cash in transit	558.717	831.066
CBRT	2.447.060	1.037.560
Cash equivalents	3.161.797	4.417.767
Domestic banks	917.218	3.459.023
Foreign banks	2.244.579	958.744
Total cash and cash equivalents	7.189.681	7.109.859

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

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

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

The "Others" item under "Operating profit before changes in operating assets and liabilities" amounting to TL 62.047 (December 31, 2018: TL 855.948) 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 334.636 (December 31, 2018: TL 264.856) 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 235.821 as of December 31, 2019 (December 31, 2018: TL 290.406).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

a) Current period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	1	5	173.457	32.410	19	-
Balance at the end of the period	3	5	632.926	27.308	27	-
Profit share and commission income received	-	-	10.157	195	-	-

b) Prior period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	-	-	118.658	22.039	106	-
Balance at end of period	1	5	173.457	32.410	19	-
Profit share and commission income received	-	-	7.288	66	-	-

^(*) 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.

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

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect Shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	19.653	7.677	604.631	602.289	7.106	4.801
Balance at the end of period	13.955	19.653	831.442	604.631	11.073	7.106
Profit share expense	2.369	842	8.859	5.542	381	234

^(*) As of December 31, 2019 wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 34.002.557 and EUR 65.082.069 (December 31, 2018: USD 31.856.532 and EUR 122.404.261). The profit share expense relating to such borrowings for the period between January 1, 2019 – December 31, 2019 is TL 12.346 (December 31, 2018: TL 19.416). The Parent Bank has issued Sukuk in the amounts of TL 2.690.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Parent Bank. The total expenses for the related issues are TL 475.134 as of December 31, 2019 (USD 350.000.000, which its capital paid and closed in June 2019, has been included) (December 31, 2018: TL 238.195).

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

VII. Explanations related to the risk group of the Parent Bank (continued):

USD 155 million of the additional Tier I capital amounting to USD 205 million, which was realized on February 20, 2018, belongs to Albaraka Banking 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, 2019, the Group has paid TL 18.031 (December 31, 2018: TL 19.406) to top management.

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

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

	Number	Number of Personnel			
Domestic Branches	228	3.771			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	2	20	Iraq	656.918	30.510.625.954 Iraqi Dinar
Off-Shore Branches	-	-	-	-	-

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

The Parent Bank has opened 1 domestic branch and 1 foreign branch, has closed 2 domestic branches in 2019 in different regions.

IX. Explanations related to subsequent events:

In the Board of Directors meeting dated February 19, 2020, it has been decided to propose to General Assembly that net profit from unconsolidated financial tables in 2019 to be distributed as follows

Net Profit for the year: TL 63.429

First legal reserves: TL 3.172

Distributable net profit for the year: TL 60.257

First dividend to shareholders (gross) : -

Second dividend to shareholders (gross) : -

Second legal reserves: -

Other statutory reserves (real estate profit on sale): TL 1.082

Extraordinary reserves: TL 59.175

X. Other Explanations

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 CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION SIX

Independent Auditors' report

I. Explanations on independent audit report:

The Group's consolidated financial statements as of and for the period ended December 31, 2019 have been audited by "Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." (the member of the Ernst & Young Global Ltd.) and the audit report dated December 31, 2019 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.

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Cerrahpaşa Mah. Kocamustafapaşa Cd. No:186
Fatih/İSTANBUL
Tel: (212) 587 89 89
Fax: (216) 666 18 29

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

Kurtköy Branch

Şeyhli Mah. Ankara Cad. No:372A, 372B
Tel: (216) 378 14 39
Tel: (216) 378 14 39
Fax: (216) 666 18 20

Küçükbakkalköy Branch

Küçükbakkalköy Mah. Fevzipaşa Cad. No:43-45A
Ataşehir/İSTANBUL
Tel: (216) 576 89 99
Fax: (216) 666 18 33

Küçükköy Branch

Yeni Mahalle Hekimsuyu Cad. No:7 Küçükköy,
Gaziosmanpaşa/İSTANBUL
Tel: (0212) 618 11 80
Fax: (216) 666 18 24

Laleli Branch

Kemalpaşa Mah. Ordu Cad. No:56/1
Fatih/İSTANBUL
Tel: (212) 528 70 70
Fax: (216) 666 17 71

Levent Sanayi Branch

Sultan Selim Mah. Sultan Selim Cad. No:25A
Kağıthane/İSTANBUL
Tel: (212) 278 25 00
Fax: (216) 666 17 49

Maltepe Branch

Bağlarbaşı Mah. Bağdat Cad. No:416A
Maltepe/İSTANBUL
Tel: (216) 370 14 70
Fax: (216) 666 17 43

Masko/İstanbul Branch

İkitelli OSB Mah. Süleyman Demirel Bulvarı Esot
Sanayi Sitesi Esot İş Merkezi No:6/1B
Başakşehir/İSTANBUL
Tel: (212) 549 37 77
Fax: (216) 666 18 37

CONTACT

Maslak Branch

Maslak Mah. Büyükdere Cad. No:255/Z12
Maslak Sarıyer/İSTANBUL
Tel: (212) 276 01 11
Fax: (216) 666 18 09

Mecidiyeköy Branch

Fulya Mah. Büyükdere Cad. No:78-80B
34460 Mecidiyeköy, Şişli/İSTANBUL
Tel: (212) 347 16 10
Fax: (216) 666 18 10

Megacenter/İstanbul Branch

Kocatepe Mah. Yağ İskelesi Cad. No:29/C
Bayrampaşa/İSTANBUL
Tel: (212) 437 38 04
Fax: (216) 666 18 75

Mercan/İstanbul Branch

Mercan Mah. Tacirhane Sok. No:25/A
Fatih/İSTANBUL
Tel: 0212 403 03 50
Fax: (216) 666 89 15

Merter Branch

Mehmet Nesih Özmen Mah. Fatih Cad. No:24
Güngören/İSTANBUL
Tel: (212) 637 84 10
Fax: (216) 666 17 26

Metrokent/İstanbul 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

Osmanbey Branch

Meşrutiyet Mah. Halaskargazi Cad. No:100A
Şişli/İSTANBUL
Tel: (212) 231 81 65
Fax: (216) 666 17 86

Örnek Mah. İstanbul Branch

Örnek Mah. Şehit Cahar Dudayev Cad. No:38-40A
Ataşehir/İSTANBUL
Tel: (0216) 969 34 96
Fax: (216) 666 89 21

Pendik Branch

Batı Mah. 23 Nisan Cad. No:16/A
34890 Pendik/İSTANBUL
Tel: (216) 483 65 05
Fax: (216) 666 17 25

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

Sahrayıcedit Branch

Sahrayıcedit Mah. Şemsettin Günaltay Cad.
No:238 A-B Kadıköy/İSTANBUL
Tel: (216) 302 16 32
Fax: (216) 666 17 36

Sancaktepe Branch

Meclis Mah. Katip Çelebi Cad. No:1C
Sancaktepe/İSTANBUL
Tel: (216) 622 55 00
Fax: (216) 666 18 04

Sefaköy Branch

Kartalteppe Mah. Halkalı Cad. No:82A
Küçükçekmece/İSTANBUL
Tel: (212) 580 32 00
Fax: (216) 666 17 58

Silivri Branch

Piri Mehmet Paşa Mah. Hacı Pervane Cad. No:49B
Silivri/İSTANBUL
Tel: (212) 728 78 00
Fax: (216) 666 18 66

Soğanlık İstanbul Branch

Orta Mah. Atatürk Cad. No:106A Kartal/İSTANBUL
Tel: (0216) 266 07 95
Fax: (216) 666 89 30

Sultanbeyli Branch

Abdurrahman Gazi Mah.Bosna Bulvarı No:4B
Sultanbeyli/İSTANBUL
Tel: (216) 419 37 00
Fax: (216) 666 17 41

Sultançiftliği Branch

Cebeci Mahallesi Eski Edirne Asfaltı Caddesi
No:672/A 34270 Sultangazi/İSTANBUL
Tel: (212) 475 53 40
Fax: (216) 666 17 94

Sultanhamam Branch

Rüstempaşa Mah. Marpuççular Cad. No:26/A
Fatih/İSTANBUL
Tel: (212) 519 64 30
Fax: (216) 666 17 23

Şehremini/İstanbul Branch

Şehremini Mah. Turgut Özal Millet Cad. No:163/A
Fatih/İSTANBUL
Tel: (212) 585 00 13
Fax: (216) 666 18 69

Şirinevler Branch

Şirinevler Mah. Fetih Cad. No:19/A Şirinevler,
Bahçelievler/İSTANBUL
Tel: (212) 551 81 51
Fax: (216) 666 17 48

Taksim Branch

Kuloğlu Mah. İstiklal Cad. No:139
Beyoğlu/İSTANBUL
Tel: (0212) 939 21 59
Fax: (216) 666 89 22

Terazidere/İstanbul 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/İstanbul Branch

Maltepe Mah. Gümüşsuyu Cad. No:28 Dk:156
Zeytinburnu/İSTANBUL
Tel: (212) 565 95 03
Fax: (216) 666 18 38

Trakya 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

Tuzla Sanayi/İstanbul 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/İstanbul 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:59-
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

Gökalt 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 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

Adapazarı Branch

Tiğcılar Mah. Atatürk Bulvarı No:39B
Adapazarı/SAKARYA
Tel: (264) 277 91 41
Fax: (216) 666 17 20

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

Akçaabat/Trabzon Branch

Orta Mahalle İnönü Cad. No:145
Akçaabat/TRABZON
Tel: (462) 228 80 01
Fax: (216) 666 89 03

Aksaray Branch

Minarecik Mah. 44/Mehmet Altınsoy Cad.
No:27A/A Merkez/AKSARAY
Tel: (382) 212 12 71
Fax: (216) 666 17 91

Akşehir/Konya Branch

Selçuk Mah. İnönü Cad. No:29 Akşehir/KONYA
Tel: (332) 811 02 47
Fax: (216) 666 89 02

Alanya/Antalya Branch

Kadıpaşa Mah. Şevket Tokuş Cad. No:59/C
Alanya/ANTALYA
Tel: (242) 512 15 40
Fax: (216) 666 89 10

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

Antakya Branch

Haraparası Mah. Yavuz Sultan Selim Cad. No:13A
Antakya/HATAY
Tel: (326) 225 12 26
Fax: (216) 666 18 47

Antalya Branch

Elmalı Mah. Hasan Subaşı Cad. No:35/E 07100
Muratpaşa/ANTALYA
Tel: (242) 247 46 12
Fax: (216) 666 17 21

Aydın Branch

Cumhuriyet Mah. Cumhuriyet Cad. No:12/21
Efeler/Aydın
Tel: (256) 213 48 38
Fax: (216) 666 17 66

Bakanlıklar Branch

Kavaklıdere Mah. Atatürk Bulvarı No:165/A
Çankaya/ANKARA
Tel: (312) 417 70 33
Fax: (216) 666 18 03

Balgat Branch

Ehlibeyt Mah. Tekstilciler Cad. No:1D
06520 Balgat, Çankaya/ANKARA
Tel: (312) 472 40 30
Fax: (216) 666 17 42

Balıkesir Branch

Eskikuyumcular Mah. Atalar Cad. No:22A
Karesi/BALIKESİR
Tel: (266) 243 73 33
Fax: (216) 666 17 22

Bandırma Branch

Dere Mah. İsmet İnönü Cad. No:4
Bandırma/BALIKESİR
Tel: (266) 714 43 30
Fax: (216) 666 18 88

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

Batman Branch

Şirinevler Mah. Atatürk Bulvarı No:54A
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

Bornova Branch

Erzene Mah. Kazım Karabekir Cad. No:5/A
35040 Bornova/İZMİR
Tel: (232) 342 43 23
Fax: (216) 666 17 97

Bursa Branch

Reyhan Mah. Haşim İşcan Cad. No: 6No: 6
Osmangazi/BURSA
Tel: (224) 220 97 60
Fax: (216) 666 17 04

Bursa Demirtaş Branch

Panayır Mah. İstanbul Cad. No:496A
Osmangazi/BURSA
Tel: (224) 211 26 11
Fax: (216) 666 18 56

Büsan/Konya Branch

Kosgeb Caddesi No:1/F Büsan Özel Organize
Sanayi Bölgesi 42050 Karatay/KONYA
Tel: (332) 345 40 40
Fax: (216) 666 17 51

Cebeci/Ankara Branch

Demirlibahçe Mah. Talatpaşa Bulvarı No:173/B
Mamak/ANKARA
Tel: (312) 363 30 11
Fax: (216) 666 18 64

Çallı Branch

Fabrikalar Mah. Namık Kemal Bulvarı No:7A
Kepez/ANTALYA
Tel: (242) 344 45 05
Fax: (216) 666 18 15

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

Çerkezköy Branch

Gaziosmanpaşa Mah. Atatürk Cad. No: 5-7 B
Çerkezköy/TEKİRDAĞ
Tel: (282) 725 00 22
Fax: (216) 666 18 60

Çiğli Branch

Şirintepe Mah. Anadolu Caddesi No:780
35640 Çiğli/İZMİR
Tel: (232) 386 10 13
Fax: (216) 666 18 14

Çorlu Branch

Kazımiye Mah. Salih Omurtak Cad. No:34/C
59850 Çorlu/TEKİRDAĞ
Tel: (282) 673 66 10
Fax: (216) 666 17 82

Çorum Branch

Çepni Mah. İnönü Cad. No:23
Merkez/ÇORUM
Tel: (364) 224 19 11
Fax: (216) 666 17 63

Çukurambar/Ankara Branch

Kızılırmak Mah. Muhsin Yazıcıoğlu Cad. No:17/8
Çukurambar Çankaya/ANKARA
Tel: (312) 287 44 02
Fax: (216) 666 18 91

CONTACT

Çukurova/Adana Branch

Mahfesiğmaz Mah. Turgut Özal Bulvarı No:131/A
Çukurova/ADANA
Tel: (322) 233 23 51
Fax: (216) 666 18 61

Demetevler Branch

Yeşilevler Mah. 506 Cad. No:1B
Yenimahalle/ANKARA
Tel: (312) 979 79 58
Fax: (216) 666 89 29

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

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

Emniyet Caddesi/Şanlıurfa Branch

Yeşildirek Mah. Yunus Emre Cad. No:63/A
Haliliye/ŞANLIURFA
Tel: (414) 318 01 80
Fax: (216) 666 89 04

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:56 Yakutiye/ERZURUM
Tel: (442) 213 24 76
Fax: (216) 666 17 54

Eskişehir Branch

Cumhuriye Mah. Sakarya – 1 Cad. No: 7/C
Tepebaşı/ESKİŞEHİR
Tel: (222) 231 36 66
Fax: (216) 666 17 50

Etimesgut/Ankara Branch

Kazım Karabekir Mah. İstasyon Cad. No:51A
Etimesgut/ANKARA
Tel: (312) 245 57 00
Fax: (216) 666 18 68

Etlik Branch

İncirli Mah. Yunus Emre Cad. No:5/A
Etlik Keçiören/ANKARA
Tel: (312) 325 91 91
Fax: (216) 666 17 59

Fatsa Branch

Mustafa Kemal Paşa Mah. Sakarya Cad. No:13/B
Fatsa/ORDU
Tel: (452) 400 46 46
Fax: (216) 666 18 90

FSM Bulvarı Bursa Branch

Fethiye Mah. Fatih Sultan Mehmet Bulvarı
No:199A Nilüfer/BURSA
Tel: (0224) 909 00 37
Fax: (216) 666 89 25

Gatem/Gaziantep Branch

Sanayi Mah. Erdoğan Ergönül Cad. No:41/1
Şehitkamil/GAZİANTEP
Tel: (342) 238 17 33
Fax: (216) 666 18 87

Gaziantep Branch

Karagöz Mah. Suburcu Cad. No:4/1
Şahinbey/GAZİANTEP
Tel: (342) 230 91 68
Fax: (216) 666 17 09

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

Gebze Branch

Hacı Halil Mah. Körfez Cad. No:18A
Gebze/KOCAELİ
Tel: (262) 641 15 82
Fax: (216) 666 17 34

Gebze Org. San. Branch

İnönü Mah. Gebze Güzeller OSB Atatürk Bulvarı
No:2/B Gebze/KOCAELİ
Tel: (262) 751 20 28
Fax: (216) 666 18 18

Giresun Branch

Hacı Miktat Mah. Fatih Cad. No:26-30C
Merkez/GİRESUN
Tel: (454) 213 30 01
Fax: (216) 666 18 35

Gölcük Branch

Merkez Mah. Amiral Sağlam Cad. No:24/C
Gölcük/KOCAELİ
Tel: (0262) 888 42 10
Fax: (216) 666 89 28

İsparta Branch

Yayla Mah.118 Cad. No:11/B
Merkez/İSPARTA
Tel: (246) 223 47 42
Fax: (216) 666 17 74

İşikkent/İzmir Branch

Egemenlik Mah. 6129 Sokak. No:49 Aykusan
Sanayi Sitesi, İşikkent Bornova/İZMİR
Tel: (232) 436 47 72
Fax: (216) 666 18 77

İbrahim Ağa Caddesi Gebze Branch

Mustafapaşa Mah. İbrahimağa Cad. No:69 B
Gebze/KOCAELİ
Tel: (0262) 888 42 07
Fax: (216) 666 89 23

İnegöl/Bursa Branch

Kemalpaşa Mah. Atatürk Bulvarı No:12/A
İnegöl/BURSA
Tel: (224) 716 04 90
Fax: (216) 666 18 55

İskenderun Branch

Savaş Mah. Mareşal Çakmak Cad. No:4
31200 İskenderun/HATAY
Tel: (326) 614 68 60
Fax: (216) 666 18 00

İvedik Branch

OSB Mah. Melih Gökçek Bulvarı No: 63/156
Yenimahalle/ANKARA
Tel: (312) 394 70 05
Fax: (216) 666 18 07

İzmir Branch

Akdeniz Mah. Fevzipaşa Bulvarı No: 51/A 35210
Konak/İZMİR
Tel: (232) 441 21 61
Fax: (216) 666 17 03

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

İzmit Branch

Ömerağa Mah. Alemdar Cad. No:17A
İzmit/KOCAELİ
Tel: (262) 323 37 72
Fax: (216) 666 17 19

İzmit E5 Branch

Körfez Mah. Ankara Karayolu Cad. No:123/2A
İzmit/KOCAELİ
Tel: (262) 324 78 06
Fax: (216) 666 18 45
Coordinates: 40.762742, 29.943590
Building Code: 28918600 Address Code:
1982860064

Kahramanmaraş Branch

Yenişehir Mah. Cumhuriyet Bulvarı No: 4B
Dulkadiroğlu/KAHRAMANMARAŞ
Tel: (344) 225 49 26
Fax: (216) 666 17 17

Karabağlar Branch

Aşık Veysel Mah. Yeşillik Cad. No:437-441A
Karabağlar/İZMİR
Tel: (232) 237 27 81
Fax: (216) 666 17 47

Karabük Branch

Bayır Mah. Kemal Güneş Cad. No:96
Merkez/KARABÜK
Tel: (370) 415 66 33
Fax: (216) 666 18 05

Karadeniz Ereğli Branch

Müftü Mah. Devrim Bulvarı No:9/A
Ereğli/ZONGULDAK
Tel: (372) 322 84 14
Fax: (216) 666 17 76

Karaman Branch

Ahiosman Mah. İsmetpaşa Cd. No:22/B
Merkez/KARAMAN
Tel: (338) 213 91 00
Fax: (216) 666 18 25

Kastamonu Branch

Cebirail Mah. Plevne Cad. No:28/B
Merkez/KASTAMONU
Tel: (366) 212 88 37
Fax: (216) 666 17 73

Kayapınar Branch

Peyas Mah. Urfa Bulv. Rema Sitesi No:128/B
Kayapınar/DİYARBAKIR
Tel: (412) 251 31 33
Fax: (216) 666 18 16

Kayseri Branch

Cumhuriyet Mah. Vatan Cad. No: 26
38040 Melikgazi/KAYSERİ
Tel: (352) 222 67 91
Fax: (216) 666 17 07

Kayseri Org. Sanayi Branch

Kayseri OSB Mah. 12 Cad. No:5/22
Melikgazi/KAYSERİ
Tel: (352) 321 42 82
Fax: (216) 666 18 11

Kayseri Sanayi Branch

Sanayi Mah. Osman Kavuncu Cad. No:112/A
Kocasinan/KAYSERİ
Tel: (352) 336 63 66
Fax: (216) 666 17 45

Keçiören Branch

Bağlarbaşı Mah. Kızılarpınarı Cd. No:104/A
Keçiören/ANKARA
Tel: (312) 314 14 14
Fax: (216) 666 18 28

Kemalpaşa/İzmir Branch

Sekiz Eylül Mah. İzmir Cad.
No:22/A Kemalpaşa/İZMİR
Tel: (232) 878 31 38
Fax: (216) 666 18 57

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

Kobisan/Konya Branch

Fevzi Çakmak Mah. Aslım Cad.
No: 63E Karatay/KONYA
Tel: (0332) 999 14 24
Fax: (216) 666 89 14

Konya Branch

Mevlana Cad. No:5/1
42030 Karatay/KONYA
Tel: (332) 350 19 77
Fax: (216) 666 17 06

Konya Ereğli Branch

Namık Kemal Mah. Atatürk Cad. No:117
Ereğli/KONYA
Tel: (332) 712 00 71
Fax: (216) 666 18 94

Konya Organize Sanayi Branch

Büyükçayacak OSB Mah.
Kırım Cad. No:20/1 Selçuklu/KONYA
Tel: (332) 239 21 76
Fax: (216) 666 18 34

Konya Sanayi Branch

Musalla Bağları Mah. Ankara Cad. No:101
Selçuklu/KONYA
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