

**groundbreaking**

**f1rst**

**ensuring transformation  
into a technology  
company**

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Yes, we are Turkey's oldest and most experienced participation bank. However, we are also the most innovative bank in advanced technology and other various areas. As a result, we are steadily moving toward our primary goal: Becoming the best participation bank in the world!

We are always breaking new ground. Thanks to our numerous firsts and digital innovations, we are transforming into a technology company, beyond a bank...

**36** years

# OUR HISTORY IS FULL OF FIRSTS



## **TURKEY'S FIRST PARTICIPATION BANK**

We were founded in 1984, pioneering the concept of interest-free banking in Turkey. In 1985, we started providing banking services. We are the first participation bank established under the leadership of Albaraka Banking Group (ABG), Islamic Development Bank (IDB) and a domestic industrial group that has served the Turkish economy for more than half a century.



## **THE FIRST PARTICIPATION BANK TO ISSUE A PUBLIC OFFERING**

In 2007, the stock of Albaraka Türk Katılım Bankası A.Ş. started trading on Borsa Istanbul after its initial public offering. Our IPO raised USD 170 million and received requests totaling over USD 7 billion from 24 thousand investors.



## **insha: THE FIRST INTERNATIONAL DIGITAL PARTICIPATION BANKING SERVICE**

In yet another innovation, we developed "insha," a branch-free and completely digital banking application as our first move into digital participation banking abroad. The innovative application is also a first in the Turkish participation banking sector. The insha application provides branch-free and completely digital banking services abroad.



## **BIOMETRIC SIGNATURE: THE FIRST DIGITAL SECURITY SERVICE IN THE PARTICIPATION BANKING SECTOR**

At Albaraka Türk, we launched another innovative offering in participation banking when we implemented the biometric signature application. Thanks to this innovation, our customers can perform their transactions in a quick and secure way. At the same time, biometric signature reduces paper usage in line with our sustainability approach.



## **GARAGE: THE FIRST PARTICIPATION BANK-SPONSORED START-UP VENTURE PROGRAM**

We launched a special initiative designed to encourage young entrepreneurs and facilitate their start-up ventures. To prepare for the new ecosystem emerging in the financial world, we set up Albaraka Garage Start-up Acceleration Center. Garage is the first participation bank-sponsored start-up accelerator in the world.



## **iALBATROS: THE FIRST INTERNATIONAL PARTICIPATION BANKING PACKAGE**

Turkey's first international participation banking package, iAlbatros paves the way for the use of advanced technology and banking products in Turkey in foreign branches. Providing users with language and country accounting options, iAlbatros is based on open system technology. The forward-looking application adapts flexibly to legal and regulatory requirements of other countries and easily to different countries.



## **LEED GOLD: THE FIRST ENVIRONMENTAL-FRIENDLY BUILDING CERTIFICATION**

Albaraka Türk is entitled to receive LEED Gold Certification for its headquarters building. The LEED certification system evaluates and grades green buildings. We became the first bank in Turkey to be granted this prestigious certification.



### **THE FIRST SUBORDINATED SUKUK TRANSACTION**

In 2015, we obtained two murabaha syndicated loans for the first time. We broke new ground in the industry with funds obtained from foreign markets raising a total of USD 968 million, via murabaha syndication and sukuk issuance.



### **ALNEO: THE FIRST ARTIFICIAL INTELLIGENCE PAYMENT PLATFORM**

We introduced ALNEO, Turkey's first artificial intelligence supported easy and fast payment platform. ALNEO features "POS" for SMEs and "Wallet" for its customers. ALNEO card merchants can receive direct payments from all credit cards regardless of time and location, without using a POS device. Meanwhile, customers will be able to easily perform their purchase transactions by configuring all their credit cards to ALNEO's digital wallet.



### **START-UP VENTURE CAPITAL FUND: THE FIRST FINTECH VENTURE CAPITAL FUND**

We established the Fintech Venture Capital Investment Fund, another first in Turkey. We are very pleased to be a pioneer in this emerging area.



### **BANKNOT: THE FIRST FINANCIAL LITERACY PLATFORM LAUNCHED BY A PARTICIPATION BANK**

The Albaraka Banknot platform is the first application among participation banks that shares key economic and financial developments. Subscribers can sign up for the service via banknot.albaraka.com.tr. All content shared on the site is simultaneously forwarded to the e-mail addresses of Banknot subscribers.



### **FIRST ADDITIONAL PRINCIPAL CAPITAL TRANSACTION**

Albaraka Türk's sukuk issuance was carried out in accordance with Basel III criteria and listed on the Irish Stock Exchange in February 2018. The issue is historically significant for the Turkish banking sector and capital markets. This was the first additional capital sukuk/bond transaction in Turkey.



### **THE FIRST PARTICIPATION BANK IN THE BIST SUSTAINABILITY INDEX**

We were one of the companies assessed by the BIST Sustainability Index in 2019. As a result of the assessment, we became the first participation bank included in the index as of November 1, 2019.



### **FIRST COVID-19 SAFE SERVICE CERTIFICATION**

Albaraka Türk, Turkey's pioneering participation bank, became the first banking institution to obtain "COVID-19 Safe Service Certification" from the Turkish Standards Institute.



# Global solutions with AlbarakaTech Global

We consolidated all of our Bank's software development functions under the roof of "AlbarakaTech Global." This new enterprise plans to provide services to other financial institutions in addition to Albaraka Türk. "AlbarakaTech Global" aims to be the game-changing player in this field by focusing on emerging areas, such as artificial intelligence, data analytics, microservice architecture and mobile solution development.



# **insha Ventures: Collaboration tool of the future**

**insha Ventures, a 100% Albaraka enterprise, is the first fintech venture-capital company in Turkey. Aiming to grow the fintech ecosystem, insha Ventures plans to become a global “enterprise builder” by embracing open banking as its core focus.**



# FINTECH



# Robotic processes offering service of the future

As a reflection of our investments in digitalization, we broke new ground in Turkey and implemented the Robotic Process Automation application. With Robotic Process Automation, all our banking transactions are carried out even faster and without errors while customers continue to benefit from our high quality service.









# **The future comes to life in Albaraka Garage**

**Albaraka Garage Start-up Acceleration Center is where entrepreneurs with financial technology-based business ideas and projects are supported by enterprise incubation and accelerator facilities. The Center aims to shape the future of the financial world. To date, Albaraka Garage has received more than 2,200 applications in its first three years and supported 39 start-ups.**

# Special works legated to the future through responsible publishing

While innovating and making great strides in the digital arena, Albaraka Türk also remains committed to protecting human and cultural assets. To this end, we act in line with our corporate values in culture and the arts. Under Albaraka Kùltür Sanat ve Yayıncılık A.Ş., we have been engaged in socially responsible publishing since 2018. We continuously add educational children's books to our growing library, in addition to titles from economics, finance, Turkish-Islamic culture and management.



## OUR MAIN COMPETITIVE ADVANTAGES

# EXPERIENCE + PERFORMANCE + TRUST





## ACHIEVEMENTS IN 2020

**15.9%** Market Share in Assets among All Participation Banks



Key indicators that strengthen our future

We increased our total assets by **35%**.

Total shareholders' equity increased to **TL 4 billion.**

Our capital adequacy ratio stands at **13.5%**

We have become the symbol of trust by boosting our collected funds by **30%**.

Our provisions expanded by **50%** in 2020.

# ANNUAL GENERAL MEETING AGENDA

## BOARD OF DIRECTORS' RESOLUTIONS

SESSION NR. : 2205  
DATE : February 16, 2021

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

### RESOLUTIONS:

1. The Board of Directors (BoD) DECIDED that the ordinary Annual General Assembly of Albaraka Turk Participation Bank (ABAT) shall be held on 31 March 2021 (Wednesday), 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 2020 General Assembly and the Procedures on Participation to General Assembly, as prepared by ABAT Head Office, have been APPROVED for announcement to shareholders through our web page.

### AGENDA:

1. Inauguration; formation of Presiding Council.
2. Authorizing the Presiding Council to sign the general assembly minutes of meeting.
3. Reading and discussing the Annual Report of the BoD about the fiscal year 2020.
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 the Auditor.
10. Discussing and resolving the Board of Directors' proposal to amend Article-7 entitled "Bank's Capital" of our Bank's Articles of Incorporation.
11. Approving the buyback program prepared by the BoD regarding authorization of the BoD on our Bank's accepting its own shares as acquisition and/or pledge.
12. 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.
13. Board member election by the General Assembly for the seats those, which have been vacated within the operational year, to complete remaining period of their predecessors.
14. Authorizing the Board of Directors within the framework of the 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.
15. 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.
16. Permitting members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code
17. Presenting information to shareholders on the subjects held in Capital Markets Board (CMB) Corporate Governance Communique principle No. 1.3.6
18. Presenting information to General Assembly about operations effected in scope of the Buy-back Program for bank's own shares in 2020,
19. Presenting information to General Assembly about donations made by bank in 2020,
20. Remarks and requests.

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

**Adnan Ahmed Yusuf ABDULMALEK**  
**Chairman**

**Süleyman KALKAN**  
**Vice Chairman**

**Ibrahim Fayez Humaid ALSHAMSI**  
**Board Member**

**Kemal VAROL**  
**Board Member**

**Mohamed Ali CHATTI**  
**Board Member**

**Mustafa BÜYÜKABACI**  
**Board Member**

**Housseem BEN HAJ AMOR**  
**Board Member**

**Mehmet Ali GÖKÇE**  
**Board Member**

**Melikşah UTKU**  
**Board Member and General Manager**



3%

7%

35%

24%

19%

## OUR VISION

TO BECOME  
THE BEST  
PARTICIPATION  
BANK IN  
THE WORLD.

## OUR MISSION

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



## OUR QUALITY POLICY

- By working hand in hand with our well-trained employees who 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 CORE 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.

## OUR STRATEGIC OBJECTIVES

### Financial

- Focusing on core banking activities and ensuring sustainable growth and profitability.

### Customers

- Improving customer experience and being more effective in customer acquisition.
- Strengthening the brand perception through communications, social responsibility, and sustainability activities.

### Process

- Adopting innovative business models and completing the digitalization program to boost efficiency.

### Competency and Organization

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



## ALBARAKA TÜRK IN BRIEF

# THE FIRST AND ONLY PARTICIPATION BANK ON BIST IN TURKEY

### **Robust Capital Structure of Albaraka Banking Group (ABG)**

Albaraka Türk, which is the first participation bank of our country and which is the only participation bank traded in Istanbul Stock Exchange, 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.

The main partner of the Bank, Albaraka Banking Group, enables the Bank to focus on the future with greater objectives thanks to its robust capital structure. As of the end of December 31, 2020, the share of foreign partners in the partnership structure of the Bank is 62.12%, the share of domestic partners is 1.07%, and the public share is 36.81%.

### **“Single Mission, Single Vision, Single Identity”**

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. Boasting strong

global brand recognition, ABG pursues the core strategic objective of establishing a shared corporate values system and providing services built on “One Mission – One Vision – One Identity.”

### **Total Shareholders’ Equity of USD 2,222 Million**

Focusing on continuous development in order to reinforce stakeholder confidence, Albaraka Türk offers a seamless experience through its extensive service network comprised of 228 branches spread across the country and two overseas branches as well as alternative distribution channels as of the end of 2020.

As of the end-2020, Albaraka Banking Group has total assets of USD 28,250 million and shareholders’ equity of USD 2,222 million. Reinforcing stakeholder trust with its sustainable profitability, the Group posted a net profit of USD 166 million in 2020. The Group’s shares are traded on the Bahrain and NASDAQ Dubai stock exchanges. Standard & Poor’s assigned ABG with long-term and short-term credit ratings of BB and B, respectively.

### **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 two branches in Iraq (Erbil and Bagdad) and is taking firm steps towards becoming a regional financial power in the Gulf, Middle East and North Africa.

### **Access to Three Continents**

Al Baraka Banking Group operates globally with subsidiaries and representative offices across three continents with sound financing opportunities. ABG provides quality and uninterrupted services in 17 countries with 12 banks, one digital bank, two representative offices and one 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; branches in Iraq; digital bank in Germany and representative offices in Indonesia and Libya.

### **Always Standing By Turkish Economy**

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.

Albaraka Türk supports the real economy by pursuing its mission of financing production and trade in line with the principles of participation banking. The Bank channels funds collected through private current accounts and participation accounts toward the real economy via value-adding services such as retail finance, corporate finance, leasing and profit/loss sharing on the basis of individual projects. The Bank also financially supports the development of SMEs – the engine of the Turkish economy – and their contribution to economic development.

Being a pioneer in the development of the start-up ecosystem in Turkey, 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. Following the surge in start-up activity and entrepreneurial drive prompted by Albaraka Garage, the Bank established Fintech Venture Capital Investment Fund to establish commercial partnerships with highly talented entrepreneurs and startups who want to meet the Bank.

Albaraka Portföy Yönetimi A.Ş. Founded by the Innovation Venture Capital Investment Fund, insha Ventures started to operate in August 2020 as an affiliate of Albaraka Türk Participation Bank. Researching, evaluating, testing and implementing technologies and applications that will bring innovative solutions to the financial needs of its customers, insha Ventures aims to develop financial technologies (fintech) projects and grow by managing them.

#### **High Quality, Good Humored Service**

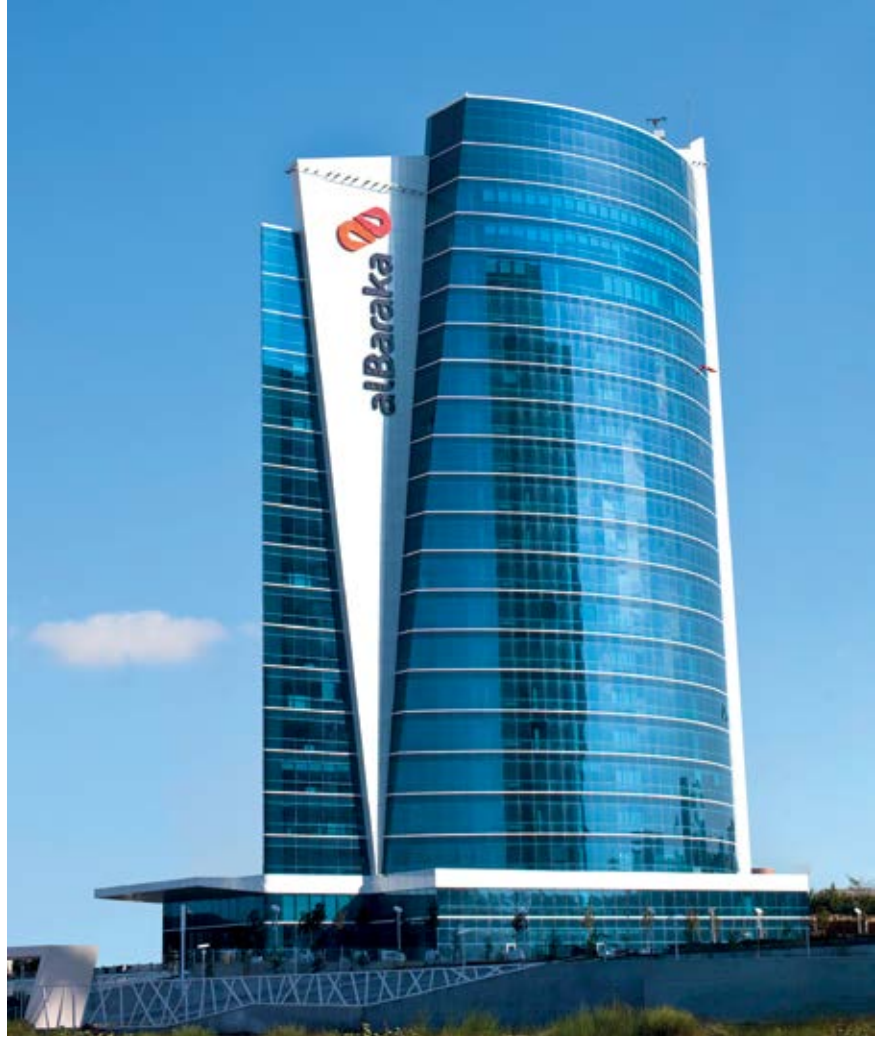
Albaraka Türk is committed to meeting the ever-changing needs and expectations of its customers in line with its core principle of delivering unconditional customer satisfaction. The Bank further bolsters its high service standards with a sincere and friendly service approach. Albaraka Türk conducts all its business processes in line with ISO 9001: 2008 Quality Certification. In 2015, the Bank took a big step forward to ensure the continuity of its business operations by obtaining ISO 22301 Business Continuity Certification.

#### **Agile Organizational Structure in the Face of Risks**

Albaraka Türk adopts a professional approach to corporate governance. As a result, the Bank benefits from agility when faced with risks. Albaraka Türk also boasts key competitive advantages including advanced technology infrastructure and well-trained personnel. The Bank not only delivers modern banking services to depositors and investors but also accelerates Turkey's sustainable development.

#### **The Only Participation Bank in Istanbul Stock Exchange Sustainability Index**

Albaraka Türk, the first participation bank in our country and the only participation bank traded in Istanbul Stock Exchange (BIST), achieved significant success



in 2020 thanks to its expert human resources as well as its technological competencies. Taking voluntary steps to solve many environmental problems such as climate crisis, carbon emission and water problems, Albaraka Türk has been included in Istanbul Stock Exchange Sustainability Index for the second time, and successfully maintained its title as the first and only participation bank in this index in 2020.

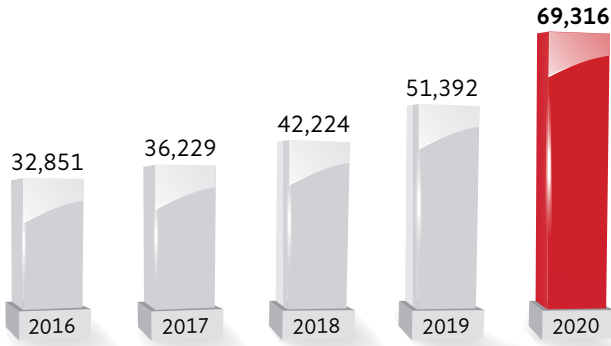
ABG conducts its business activities within the framework of the Al Baraka Social Responsibility Program. ABG also published its Sustainability and Social Responsibility Report in the 2020 operating period and strengthened the trust of stakeholders. Al Baraka Banking Group annually presents its progress report to stakeholders pursuant to the UN Global Compact.

**Albaraka Türk achieved significant success in 2020 thanks to its expert human resources as well as its technological competencies.**

## FINANCIAL INDICATORS

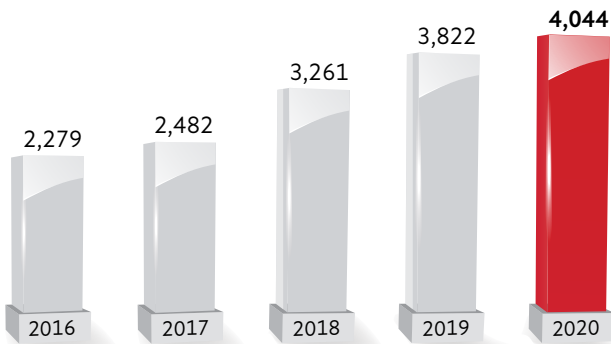
# CONFIDENT STEPS TO THE FUTURE WITH STRONG FINANCIAL RESULTS

### Total Assets (TL Million)



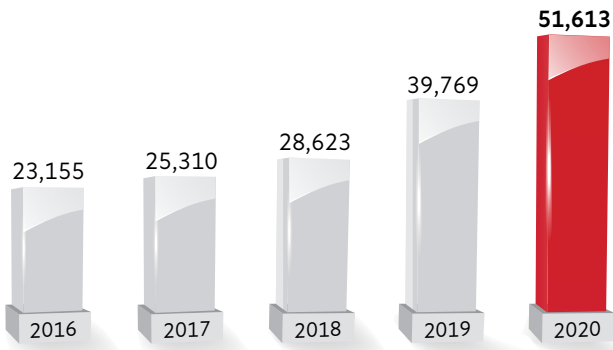
**TL 69.3 billion**  
Total Assets

### Total Shareholders' Equity (TL Million)

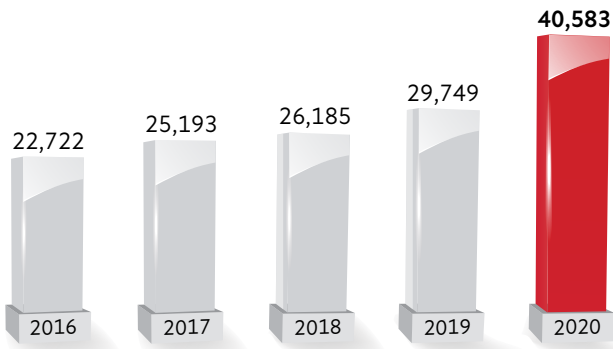


**TL 4.0 billion**  
Total Shareholders'  
Equity

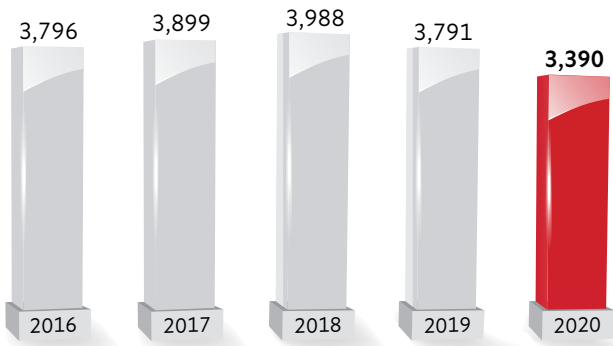


**Total Funds (TL Million)**

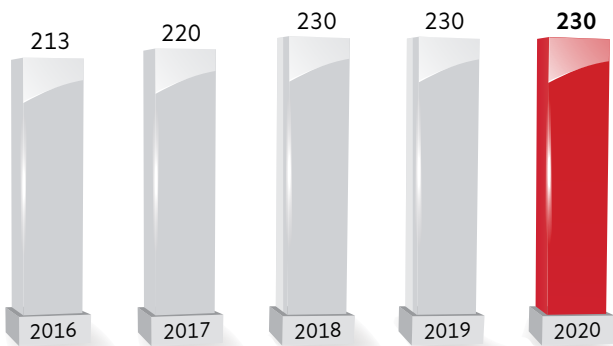
**TL 51.6 billion**  
Total Funds

**Funds Extended (TL Million)**

**TL 40.6 billion**  
Funds Extended

**Total Number of Employees**

**3,390**  
Total Number of  
Employees

**Total Number of Branches**

**230**  
Total Number of  
Branches

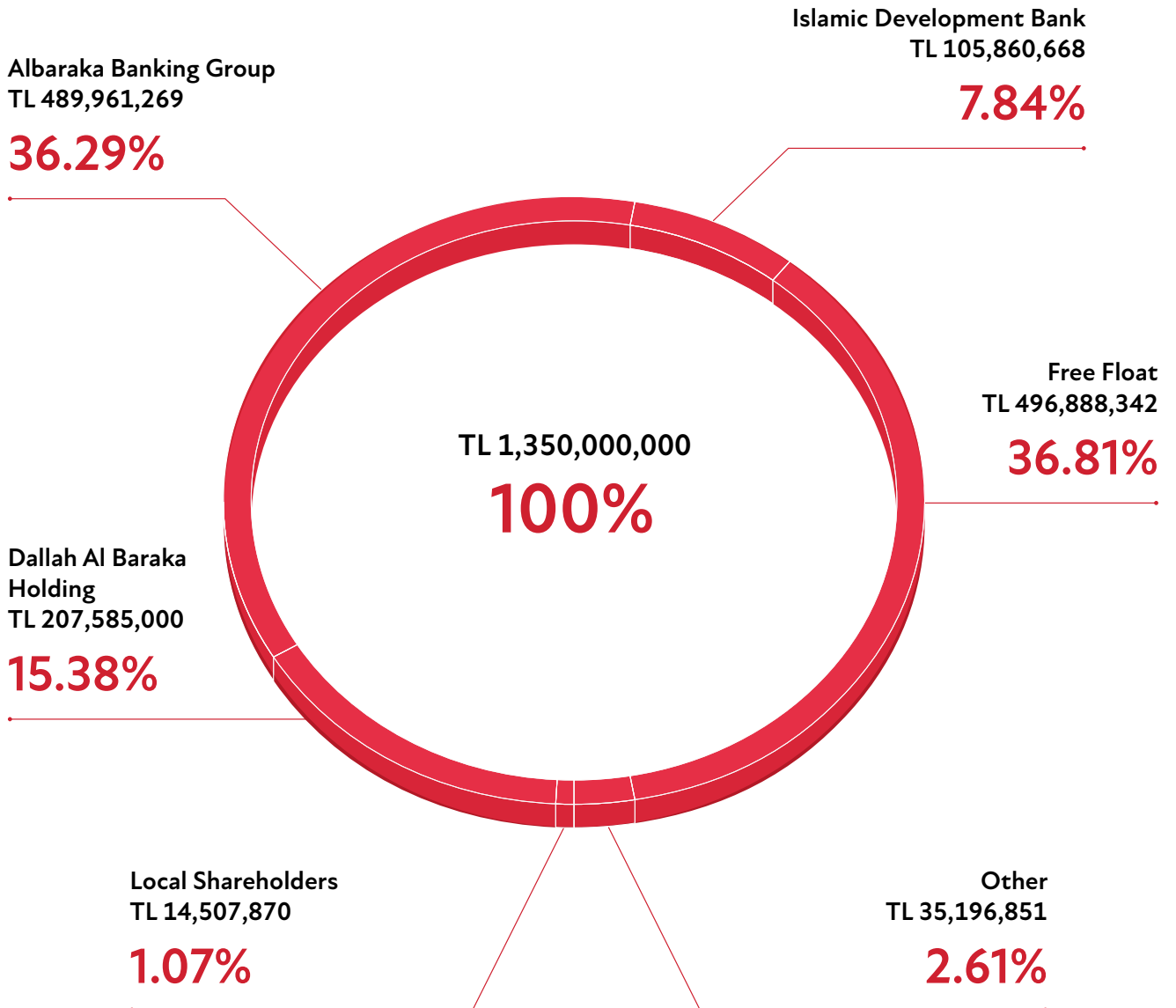
## FINANCIAL RATIOS

# HIGH ASSET QUALITY, SOLID CAPITAL STRUCTURE

<b>Financial Ratios (%)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Funds Extended/Total Assets	69.2	69.5	62.0	57.9	58.6
Funds Extended/Funds Collected	98.1	99.5	91.5	74.8	78.6
Total Funds/Total Assets	70.5	69.9	67.8	77.4	74.5
Non-Performing Loans Ratio	4.7	4.7	6.9	7.2	4.8
Net Non-Performing Loans Ratio	2.3	2.0	3.6	4.1	1.9
Ratio of Provisions for Non-Performing Loans	52.3	57.7	47.3	42.6	61.0
Capital Adequacy Ratio	13.5	17.1	14.7	15.0	13.5

## CAPITAL AND SHAREHOLDING STRUCTURE

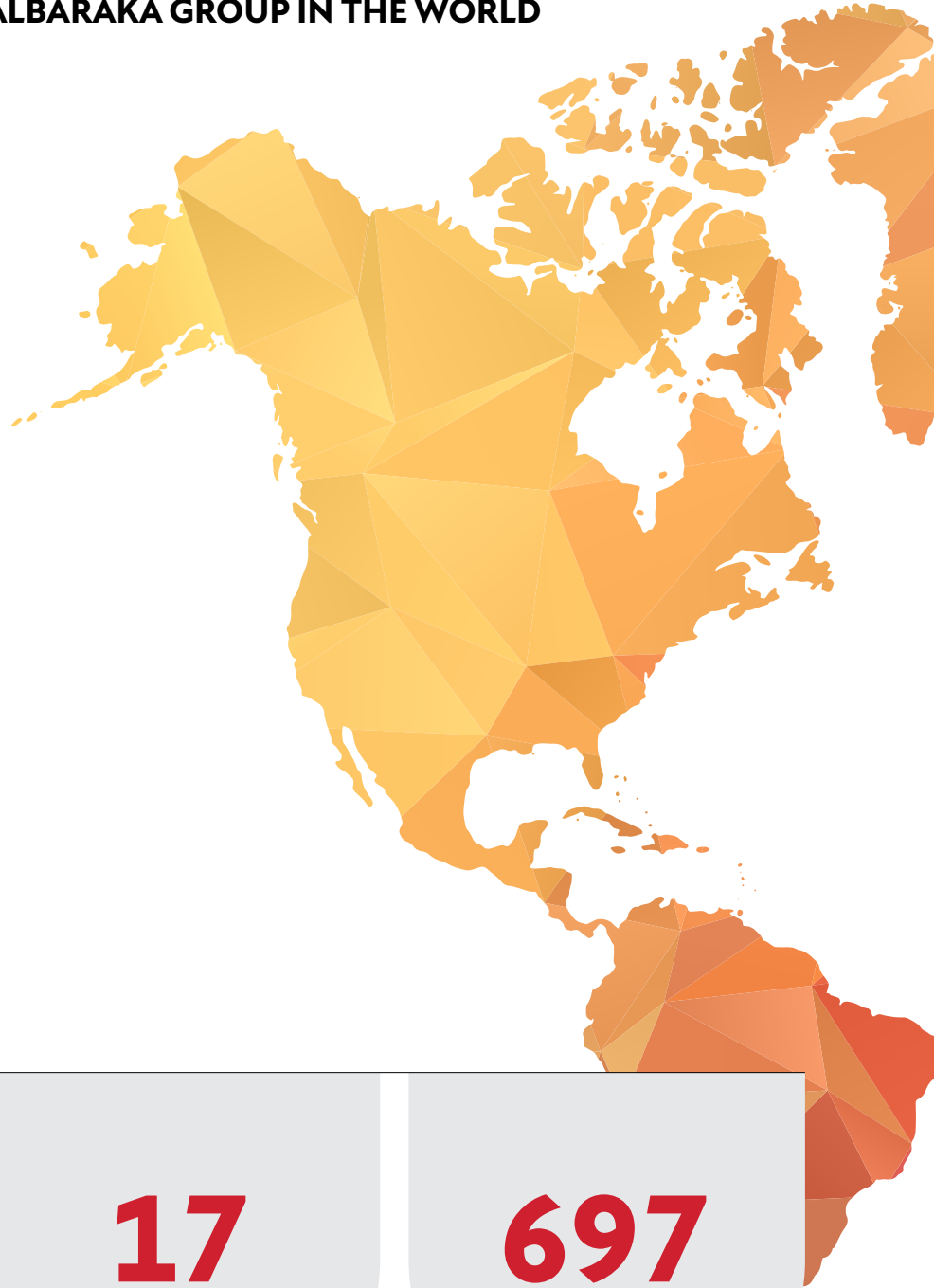
Albaraka Türk was founded via a synergy of Albaraka Banking Group (ABG), one of the most distinguished groups in the Middle Eastern finance sector, Islamic Development Bank (IDB), and a domestic industry group that has been operating in the Turkish economy for over half a century.



## OPERATIONAL MAP

**Albaraka Türk offers a seamless experience through its extensive service network comprised of 228 branches spread across the country and two overseas branches as well as alternative distribution channels as of the end of 2020.**

## ALBARAKA GROUP IN THE WORLD



**3**

Continents

**17**

Countries

**697**

Branches



## ALBARAKA TÜRK BRANCHES

Boasting 228 branches across Turkey and two branch locations in Baghdad and Erbil, Albaraka Türk delivers premium quality interest-free banking products and services.



### Branches in Turkey

- Adana (6)
- Adıyaman (1)
- Afyonkarahisar (1)
- Aksaray (1)
- Amasya (1)
- Ankara (20)
- Antalya (5)
- Aydın (2)
- Balıkesir (2)
- Batman (1)
- Bolu (1)
- Bursa (8)
- Çanakkale (1)
- Çankırı (1)
- Çorum (1)
- Denizli (2)
- Diyarbakır (2)
- Düzce (1)
- Edirne (1)
- Elazığ (1)
- Erzincan (1)
- Erzurum (1)
- Eskişehir (1)
- Gaziantep (5)
- Giresun (1)
- Hatay (2)
- Isparta (1)
- İstanbul (93)
- İzmir (7)



- Kahramanmaraş (1)
- Karabük (1)
- Karaman (1)
- Kastamonu (1)
- Kayseri (4)
- Kocaeli (6)
- Konya (11)
- Kütahya (2)
- Malatya (1)
- Manisa (2)
- Mardin (1)

- Mersin (3)
- Muş (1)
- Nevşehir (1)
- Ordu (1)
- Osmaniye (1)
- Rize (1)
- Sakarya (1)
- Samsun (2)
- Siirt (1)
- Sivas (1)
- Şanlıurfa (2)

- Tekirdağ (3)
- Tokat (1)
- Trabzon (2)
- Uşak (1)
- Van (1)
- Yalova (1)
- Yozgat (1)
- Zonguldak (1)

**Foreign Branches**

- Baghdad (1)
- Erbil (1)

## ALBARAKA TÜRK'S MILESTONES

### 1984

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

### 1985

- Albaraka Türk commenced operations as Turkey's first special finance house.

### 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 shareholders' equity amounted to USD 70 million.

### 2007

- A total of 24 thousand investors submitted 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.
- 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 Albatros (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 number of branches rose up to 230.
- The Bank received the "Best Participation Bank of the Year" award at 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.
- Albaraka Türk has taken the first step in Europe into branch-free banking and fully digital participation banking to globally develop participation banking and implemented the "insha" project to provide digital banking services in Europe.

### 2019

- Albaraka Türk's mobile banking application was presented with two awards – for "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 expand its publishing activities, where it serves readers with many prestigious works.
- Albaraka Türk increased its capital to TL 1,350 million and maintained its strong capital structure.
- Alneo, a new digital product, has reached a user base of more than 11 thousand customers.
- In 2019, Albaraka Türk became the first participation bank to be included in the BIST Sustainability Index thanks to its efforts in the environment, human rights and occupational health as part of the Bank's corporate social responsibility.
- Albaraka Baghdad Branch commenced operation on March 25, 2019.

### 2020

- The Startup Venture Capital Investment Fund, established by Albaraka Portföy Yönetimi A.Ş. and commencing operations in May 2020, began trading on the qualified investors market with a bell-ringing ceremony at Borsa Istanbul Stock Exchange.
- Albaraka Garage has completed the selection of its start-ups. Twenty enterprises were selected among 34 start-ups that successfully completed the pre-acceleration phase. These ventures were entitled to benefit from the Albaraka Garage acceleration program for nine months.
- Değer Varlık Kiralama A.Ş., Albaraka Türk subsidiary, was established on November 5, 2020, regarding the issuance of a lease certificate.
- Albaraka Türk, the pioneer of participation banking, introduced another innovation that further improved customer experience in the fiscal year 2020. The Bank's customers had the opportunity to execute their EFTs and money order transactions 24/7 via digital channels without the need for an IBAN or account number.
- Albaraka Türk was deemed worthy of four awards – one silver – by Brandon Hall Group in recognition of its applications in human assets in 2020. The Bank also received the Gold Stevie award for its digital education technology "Virtual Classroom Application" at the Stevie Awards for Great Employers competition.
- Albaraka Portföy Yönetimi A.Ş., founded by the Innovation Venture Capital Investment Fund, insha Ventures, started to operate in August 2020 as an affiliate of Albaraka Türk Participation Bank.
- A venture capital investment fund was set up at Albaraka Türk to establish commercial partnerships with highly skilled entrepreneurs who wanted to cooperate with the Bank.





**1985**  
Albaraka Türk commenced operations as Turkey's first special finance house.



**1988**  
Leasing operations began.



**1992**  
The branch network expanded to 10 locations, and total assets exceeded USD 400 million.



**2012**  
The Bank embarked on the SIMURG transition program in line with its vision of being "The Best Participation Bank in the World."



**2018**  
The Bank received the "Best Participation Bank of the Year" award at the Adding Value to Turkey Awards organized by Turcomoney in 2018.



**Albaraka Türk was deemed worthy of four awards – one silver – by Brandon Hall Group in recognition of its applications in human assets in 2020.**

**2019**  
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## LETTER FROM THE CHAIRMAN

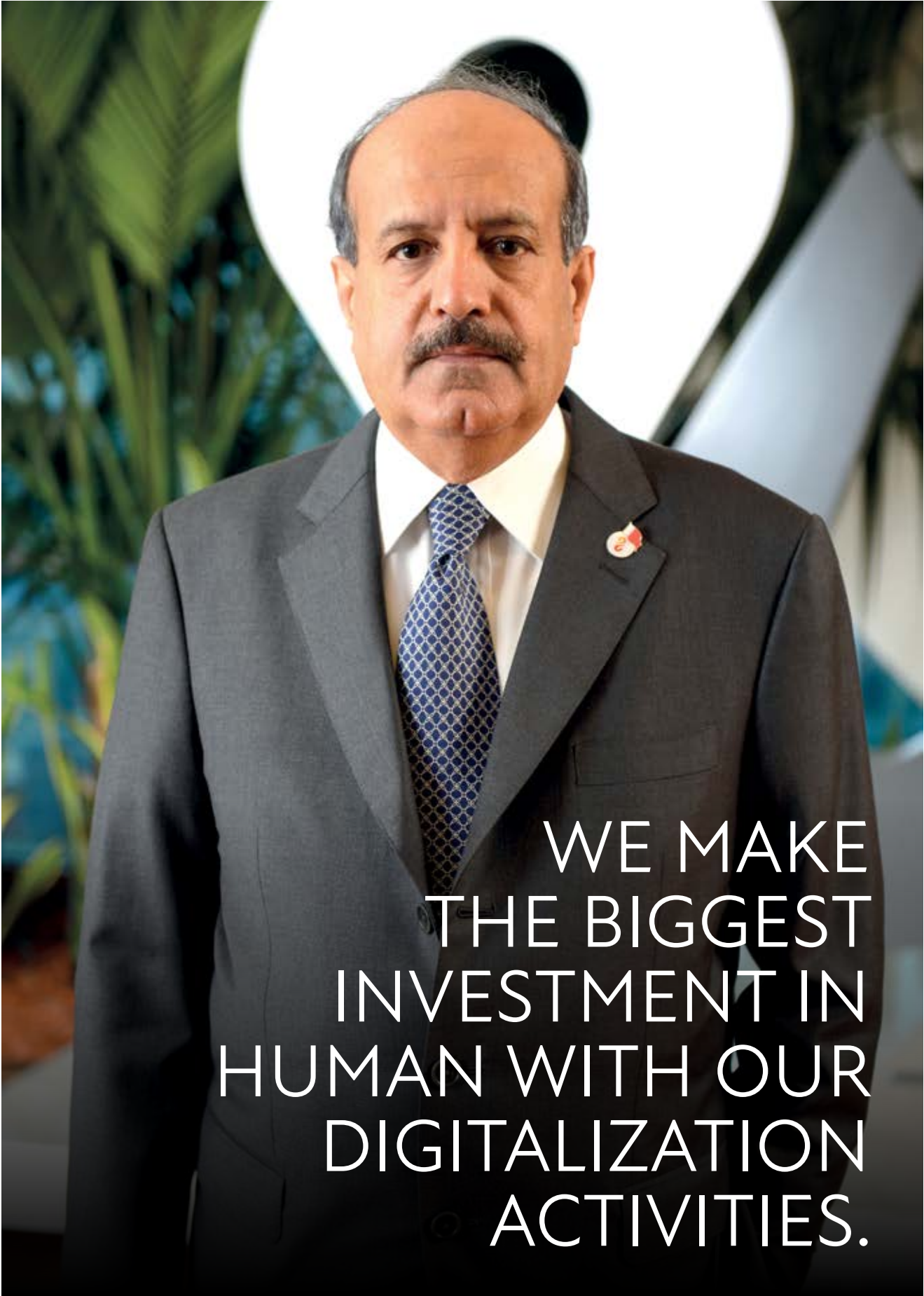
**For the past 36 years, Albaraka Türk has responded to the financial needs of its customers in every aspect with the awareness and responsibility of being Turkey's first participation bank.**

Esteemed Stakeholders,

In 2020, the world witnessed the largest economic contraction since the Second World War due to the coronavirus pandemic. The pandemic started as a regional health crisis before spreading the world over to infect over 80 million people and claim more than 2 million lives. The Covid-19 pandemic has affected every economy around the globe since February. Economic activity was sharply reduced worldwide, causing a severe global crisis.

During the year, other major changes also impacted the world besides the economic crisis. The Brexit process, which started with a referendum in 2016, was finalized with the UK's exit from the EU in January 2020. In the final days of the year, the two parties agreed on the draft text of the post-Brexit trade agreement. With the victory of Joe Biden in the presidential elections in the USA, Donald Trump went down in history as the fourth US president unable to win a second term. Another prominent development of the year was that 15 countries in the Asia-Pacific region signed the world's largest free trade agreement under the leadership of China while excluding the USA and EU.

With its sudden impact on the real sector, the pandemic inflicted a deeper wound than the financial crisis of 2008. While the world's economies experienced a huge pandemic-induced shock during the first half of the year, recovery commenced in June with the gradual mitigation of anti-pandemic measures and restrictions. However, as Covid-19 case numbers climbed around the world, the economic rebound began to slow in September. Lockdown measures were reintroduced to stem the rising number of cases. As a result, global PMI data, which measures activity compared to the previous month, declined, especially in the service sector. While the anti-pandemic measures imposed in the fall were not as drastic as in the first wave, a "V" type recovery seems less like for the global economy. An overall contraction is expected, albeit one less severe than in the first half of the year.



WE MAKE  
THE BIGGEST  
INVESTMENT IN  
HUMAN WITH OUR  
DIGITALIZATION  
ACTIVITIES.

## LETTER FROM THE CHAIRMAN

**Turkey is poised to be one of the fastest-growing economies in the world in 2020. The country ended the year with a 1.8% growth thanks to a rapid credit-driven recovery.**

Central banks significantly enlarged their balance sheets to counteract the economic damage caused by the pandemic. Meanwhile, governments introduced fiscal stimulus packages. Following an unprecedented contraction, economic recovery was recorded in the third quarter with the lifting of some pandemic restrictions. The manufacturing industry learned to live with the virus, while the service sector experienced a more limited rebound. Tourism revenues remained well below normal levels, especially with ongoing travel restrictions. The service sector sustained far more damage than the manufacturing industry with the fast rise in case numbers during the last quarter of the year. The continued deterioration of the situation is expected in the months to follow. Governments and central banks will likely need to take more steps to provide fiscal and monetary support. However, successful vaccine-related news has become a beacon of hope for a sustained economic rebound and return to normal.

Much like the global economic environment, Turkey's economy was heavily hit – especially in the service industry and some export-oriented sectors – with the effect of anti-pandemic measures implemented since March. While the economies of many countries shrank, Turkey grew by 4.5% during the first quarter. Coronavirus cases were observed later in Turkey than in other countries so the impact of lockdown was relatively less. Turkey quickly responded to the crisis while benefitting from a high-capacity healthcare sector. In addition, the CBRT cut interest rates and adopted liquidity measures in March. The country's economy contracted 9.9% in the second quarter when the pandemic and restrictive measures were in full force. Since June, the Turkish economy has entered a rapid normalization process thanks to fiscal stimulus and expansionary monetary policies. In fact, Turkey was one of the fastest-growing economies in the world with annualized growth of 6.7% in the third quarter. Lockdown measures were imposed again in the fall as a result of rising coronavirus cases, squeezing Turkish growth figures. However, leading indicators point to positive economic growth in the fourth quarter. Turkey is poised to be one of the fastest-growing economies in the world in 2020. The country ended the year with a 1.8% growth thanks to a rapid credit-driven recovery.

The pandemic significantly affected Turkey's real economy and the banking sector, as elsewhere across the world. However, significant efforts were made in Turkey to limit the impact of the economic crisis from the pandemic. Crisis management was carried out by public authorities as well as the private sector effectively and successfully. The country's actors had garnered experience managing crises from the global financial crisis in 2008 and the exchange rate shock in 2018. During this extremely challenging year, the banking sector emerged as one of the stakeholders that positively affected growth by supporting economic activity, especially with credit expansion, under the leadership of Turkey's public authorities. Participation banks stepped up their ongoing commitment and support to the real sector, by expanding their range of assistance in times of crisis. As a result, participation banks' working principles prevented the real sector from being critically impacted by the severe economic crisis. Supportive measures taken by participation banks helped Turkey's real sector to effectively navigate the pandemic-related downturn.

Albaraka Türk's investments, especially in digitalization, have made us a financially strong and resilient banking institution. Our investments have also facilitated customer transactions and resulted in high customer satisfaction. Albaraka Türk continuously develops innovative products and services, such as 24/7 EFT, physical gold purchases via ATM, online customer onboarding, and SMS loans. With these and other innovations, we were able to easily adapt to the pandemic era and deliver customer satisfaction under challenging conditions. We plan to further boost our digitalization investments, adding advanced technology capabilities to our financial power, prompted by the driving force of the pandemic.

For the past 36 years, Albaraka Türk has remained committed to meeting its customers' financial needs in every aspect. We are expanding with the support of our professional and highly skilled management team. Albaraka Türk is moving forward 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 well-structured organization. Albaraka Türk will continue taking major steps forward today and tomorrow, just like yesterday. We are continuously expanding the depth and breadth of our banking activities with the motto "There Is More." As always, Albaraka Türk's vision is to become the best participation bank in the world.

Albaraka Türk aims to continue pioneering the industry with its valued 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 many contributions to our success.

Respectfully yours,



**Adnan Ahmed Yusuf Abdulmalek**  
**Chairman**

**We are continuously expanding the depth and breadth of our banking activities with the motto "There Is More." As always, Albaraka Türk's vision is to become the best participation bank in the world.**

## 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 2002-2004 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 its 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 12<sup>th</sup> Islamic Business & Finance Awards for his Outstanding Contribution in 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 the Oman International Conference on Social Responsibility.

Mr. Yusuf has been the Chairman of the Board of Directors since April 2005, and he is currently the Chairman of the Credit Committee, the Remuneration Committee and the Executive Committee.



### **Süleyman Kalkan** **Vice Chairman**

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 Turk as of 31 May 2018, and he is currently a member of the Credit Committee, the Vice Chairman of the Executive Committee and the Chairman of the Corporate Governance Committee.



**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 the Bank of Oman as Current Accounts Chief. Later on, he became the manager of its Ajman branch (1971). In between 1972-1976, 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 1976-1989; 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 has been a board member of Albaraka Türk since April 2005, and he is also currently a member of the Corporate Governance Committee and the Sustainability Committee.



**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. Mr. Varol who has been serving as a board member of Albaraka Türk since March 2019, is also a member of the Credit Committee and the Executive Committee.



**Mustafa Büyükabacı**  
**Board Member**

Mr. Büyükabacı 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 at 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. In addition, he served as Capital Markets and Financial Advisor at Yıldız Holding with regard to 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. Büyükabacı 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. Büyükabacı served as a Board Member at Borsa İstanbul, and between 2012 and 2018 he served as a Board Member at BİM Birleşik Mağazalar A.Ş.. Currently, he serves as a board member at Albaraka Portföy Yönetimi A.Ş. and as the Vice Chairman of the Board of Trustees at Istanbul Sabahattin Zaim University. Mr. Büyükabacı who has been serving as a Board Member at Albaraka Türk since April 2017, is also Chairman of the Audit Committee and a member of the Executive Committee and the Remuneration Committee.

## BOARD OF DIRECTORS



### **Dr. Mohamed Ali Chatti**

#### **Board Member**

Dr. Mohamed Ali Chatti was born in 1984 in Tunisia. He earned his Bachelor's Degree in Finance from the Institute of High Commercial Studies in Tunisia and his Master's Degree from Paris X Nanterre University in France. He then completed his Ph.D. in Finance in 2010 at Paris X Nanterre University, in France. Dr. Chatti began his career in 2010 as Young Professional at the Islamic Development Bank (IsDB). Between 2011 and 2017, he worked as an Investment Analyst and Senior Investment Officer at the Investments Department of IsDB. He was also a lecturer about Islamic Finance at the ESSEC Tunisia in 2012. Since 2018, he is the manager of the Islamic Finance Investments Division and managing three strategic portfolios for the IsDB: the equity portfolio of IsDB (in the Islamic Financial institutions), Awqaf Portfolio (managing the Awqaf Properties Investment Fund) and the microfinance portfolio. In total, he is managing a portfolio worth more than US\$ 2 billion. In October 2019, he was appointed as Acting Director for the Islamic Financial Sector Development Department at IsDB. Dr. Chatti represented IsDB on other boards (first Islamic Bank in Nigeria for more than 6 years, a Trading company in Bahrain for 4 years, a microfinance Bank in Sudan for 3 years) before joining Al Baraka Board of Directors. Dr. Chatti is a member of the Audit Committee and a substitute member of the Credit Committee.



### **Mehmet Ali Gökce**

#### **Board Member**

Mr. Gökce was born in Çankırı in 1957. He obtained his bachelor's degree from Ankara University – Faculty of Theology and Master's Degree from University of Turkish Aeronautical Association, Institute of Social Sciences, Business. He commenced his banking career at Töbank as a "Banking Officer" and worked there until 1984. Between 1987 - 1991 he served as Assistant Manager at Faisal Finance Institution. Then he worked as Ankara Branch Manager of Kuveyt Türk Participation Bank between 1991 and 1999. In 1999, he was appointed as Assistant General Manager of Anadolu Finance Institution and served there until 2005. Between 2006 and 2011 he served as Assistant General Manager of Türkiye Finans Participation Bank. In 2011, he was appointed as the CEO of Termikel A.Ş. and served there until 2012. He served as a Board Member of Asya Participation Bank between 2015 – 2016 and served as the CEO and the Chairman of "RCT Varlık Yönetim A.Ş." between 2012 and 2017. He served as a Board Member at the Türkiye Halk Bank between 2016 and 2017. In March 2020, he has been appointed as a Board Member of Albaraka Türk Participation Bank and still he is a member of the Audit Committee, Executive Committee and the Chairman of the Sustainability Committee.



### **Ghassan Ahmed M. Amodi**

#### **Board Member**

He was born on 19 April 1972 and received his bachelor's degree from "The American University" (California - USA), on business administration. He commenced his banking career in 1994 at SABB (Saudi British Bank) as a management trainee. Then, he was promoted to Assistant Relationship Manager in Corporate Banking Division and progressed to Head of Corporate Banking. Between 2007 and 2017, he served as the Regional Head of Corporate Banking (SABB Western Region). Between 2017 and 2019, he served as the CEO of the SABB. Since 2020, he has been serving as the general manager of Dar Altamleek and in 2020 he has been elected as a board member at Albaraka Türk.





**Housseem Ben Haj Amor**  
**Board Member**

He was born on 10 April 1975 and received his bachelor's degree from Institut Superieur de Comptabilite (Tunisia) on accounting and finance. In 1999 he received his certificate of public accountancy from Institut Superieur de Comptabilite. The same year, he started working at Arthur Andersen/Moore Stephens as manager. Between 2005 and 2007, he served at Societe Generale as a manager of the accounting department. Between 2007 and 2013 he served as the CFO and the COO at SHUAA Capital. Between 2014 and 2017 he served as the general manager of the same company. Between 2018 and 2020 he served as the general manager of Amlak Finance. Since April 2020, he has been serving as the Deputy CEO in charge of Business Development and Investments at Albaraka Banking Group. In March 2020, he has been elected as a board member at Albaraka Türk.



**Tawfig Shaker M. Mufti**  
**Board Member**

He was born on 3 June 1969 and received his bachelor's degree from the University of Bridgeport (Connecticut – USA) on International Business. He commenced his banking career in 1993 at Al Bank Al Saudi Al Fransi. There he served in the field of Corporate Banking until 1997 and from 1997 up to 1999, he served in the field of private banking. Between 1999 and 2002 he worked at Andersen – Middle East Financial Transaction. Between 2005 and 2007 he served as Corporate Country Compliance Officer at Samba Financial Group. Since 2007, he has been serving as the Group Treasurer at Dallah Albaraka Holding Co.. In March 2020, he has been elected as a board member at Albaraka Türk.



**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 Master's Degree in economic development at Marmara University (Istanbul, 1998). In 2004, he served as a consultant to the General Manager of Albaraka Türk. In 2006-2007, he was the head economist in Albaraka Türk. In addition, 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 Türk 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 the Chairman of the Information Technologies Governance Committee.

## MESSAGE FROM THE GENERAL MANAGER

**Albaraka Türk remained committed to standing by its customers during the coronavirus pandemic. We helped our customers maintain their business activities with special offerings, such as payment facilities and installment deferrals.**

Esteemed Stakeholders,

The world's economies experienced an unexpected shock due to the coronavirus pandemic in 2020. The entire year presented a series of challenging situations as the pandemic spread around the globe. While the coronavirus outbreak started in China and affected many countries from the beginning of the year, Turkey experienced the pandemic's effects most acutely in the second quarter.

Restrictive measures taken to minimize the damage during the pandemic caused a slowdown across the economy, especially the service sector. Tourism was most visibly affected, as the sector came to a sudden standstill. Services and manufacturing plummeted, leading the global economy to contract sharply. In its report published in January 2020, the International Monetary Fund (IMF) projected that the world economy would expand by 3.3% for the year. After updating its projections in line with developments during the pandemic year, IMF forecast the global economy to contract by 4.4% in 2020.

The recovery of the world's economy is closely linked to the course of the pandemic. Recent optimistic news from vaccine trials and encouraging feedback from countries that have commenced public vaccination programs give support to the positive base scenarios in the coming periods. On the other hand, downside risks include the need to re-implement lockdown measures, detection of virus mutations and the second wave of the pandemic. These factors may cause economic forecasts to fall short of expectations.

The dawn of 2020 looked promising for Turkey. The country's economy made a solid start to the year with forward momentum from the vibrant last quarter of 2019. The Turkish economy remained buoyant until March when coronavirus cases began to appear in the country. As the pandemic took hold, many sectors of the domestic economy contracted sharply as lockdown measures were imposed. The pandemic is a truly global phenomenon. As a result, Turkey's economic recovery parallels and is linked with the relative dynamism in the world's economies. Thanks to rapid action and supportive fiscal and monetary stimulus, coupled with effective crisis management based on past experience, Turkey minimized the damage to its economy. Subsequently, we were able to follow a successful path to recovery. Turkey's economic contraction in the second quarter of the year, when the negative effects of the pandemic were most deeply felt, was significantly less than that of other countries.



ALL THE STEPS  
TAKEN UNTIL TODAY  
IS TO LEAD THE WAY  
IN THE FUTURE OF  
BANKING.

## MESSAGE FROM THE GENERAL MANAGER

**Digital banking grew even more important in 2020. Additional steps forward in digital banking, an area ripe for future development, will be a leading growth driver for all banks, especially participation banks.**

Rapid credit expansion during the year played a critical role in the country's positive economic performance. Credit campaigns were implemented with lower lending costs. These campaigns stimulated the stagnating economy by boosting demand for housing and automotive loans. By the end of the lending campaigns, credit growth had normalized. The tourism sector, usually one of the key sources of revenue for the Turkish economy, was unfortunately overshadowed by the pandemic during the summer season. The sharp fall in tourism income was the main cause of the decline in service sector revenues. Meanwhile, the rise in foreign exchange rates was reflected in many economic indicators throughout the year. While the increase in gold imports was a key factor in the widening current account deficit, accelerating inflation also had an effect on the current account balance. Since the autumn, Turkey's economy has entered a rebalancing process.

Turkey experienced the second wave of the pandemic while approaching the end of the year. However, tightening steps began to be taken to ensure that the country's economy remained sound. Borrowing costs, after falling during the first half of the year, rose again in the last quarter of the year. The Turkish banking industry, which supported the economic recovery during the balancing process, recorded significant growth, especially in the third quarter. After focusing on developing effective crisis management strategies in the previous two years, the banking system demonstrated a solid performance in 2020, despite the challenging conditions, with the help of BRSA regulations. In parallel with developments in the banking industry, participation banking posted rapid growth and boosted its share in the overall sector to 7.4%. Digital banking – the focus of intensified efforts in recent years due to economic and social trends – grew even more important in 2020. Additional steps forward in digital banking, an area ripe for future development, will be a leading growth driver for all banks, especially participation banks. We expect the Turkish banking industry to maintain its current rate of growth as banks strengthen their balance sheets in 2021.

Albaraka Türk remained committed to standing by its customers during the coronavirus pandemic. We helped our customers maintain their business activities with special offerings, such as payment facilities and installment deferrals. We also expanded our product range and conducted financing campaigns, such as SME support campaigns. In 2020, Albaraka Türk especially focused on extending accessibility alternatives, to safeguard the health and wellbeing of our customers. We increased our ATM transaction limits as well as contactless transaction limits by anticipating higher contactless transaction usage. In addition, Albaraka Türk continued its cooperation with PTT. Under this cooperation, we offered our customers the opportunity to withdraw and deposit money from PTT ATMs across Turkey. Albaraka Türk also extended the digitalization trend in the sector by expanding the services on offer via its digital channels. Our advanced technology efforts are critically important for our Bank. Albaraka Türk became a partner in the TL 100 million venture investment fund established this year in Informatics Valley. We established insha Ventures by gathering the ventures and fintech partnerships within Albaraka Türk under a single roof. The company we started up attracted an investment of TL 24 million with a valuation of about TL 240 million. We took our digitalization processes at the Bank to a new level. We established Albaraka Tech Global by consolidating all the information technologies within our Bank under one entity. With this newly established IT enterprise, Albaraka Türk will continue offering its customers the most appropriate digital solutions during the era of continuous digitalization in the finance sector.

Sustainability is another strategic priority area at Albaraka Türk. We remain committed to our sustainability projects and initiatives in all our operations. Our current sustainability efforts are focused on key issues – including the environment, social rights and fair distribution – and are ongoing. This year, Albaraka Türk was once again included in the Borsa Istanbul Stock Exchange Sustainability Index. We are the first and only participation bank to be a component of this index. In addition, Albaraka Türk received the rating “A” – one of the highest possible ratings – in the Carbon Disclosure Project (CDP). We plan to continue our various sustainability-related efforts to minimize our carbon emissions and environmental impact. In addition, Albaraka Türk’s publishing activities were a standout in 2020. Throughout the year, we further enriched the content of Albaraka Kültür Sanat ve Yayıncılık A.Ş. Our goal for the coming year is to contribute to the environment, society, culture and the arts by stepping up our publishing activities in addition to our sustainability efforts.

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

Respectfully yours,



**Melikşah Utku**  
General Manager and Board Member

**We established insha Ventures by gathering the ventures and fintech partnerships within Albaraka Türk under a single roof. The company we started up attracted an investment of TL 24 million with a valuation of about TL 240 million.**

## 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, before serving as Central Branch Manager from 2003 to 2009. In December 2009, he was appointed Assistant General Manager, 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**

Hasan Altundağ, who graduated from Ankara University, Faculty of Political Sciences, Department of Economics, started his banking career in 1986 as an Auditor at Yapı ve Kredi Bankası Inspection Board. He served as Auditor, Operations Director and Field Director, respectively until 1999. Mr. Altundağ who served as a Branch Manager at a participation bank between 1999 and 2004, joined Albaraka Türk Participation Bank in March 2004. At Albaraka Türk, he served as Sultanhamam Branch Manager from 2004 to 2005, 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. Mr. Hasan Altundağ was appointed as Assistant General Manager – Marketing in 2017, and since July 2020, he has been serving as Assistant General Manager – Sales responsible from Corporate Sales Directorate, Commercial and SME Sales Directorate, Retail and Private Banking Sales Directorate, and Regional Directorates. Mr. Altundağ also serves as Deputy Chairman of the Board of Directors at Albaraka Kültür Sanat ve Yayıncılık A.Ş.



**Mustafa Çetin**  
**Assistant General Manager**

He was born in Afyonkarahisar in 1971. In 1991, he ranked 20<sup>th</sup> in the national university exam. He went on to graduate from Boğaziçi University, Department of Management in 1996. In the same year, he 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 Turkish Foreign Trade Bank. In 2004, he joined Albaraka Türk as 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 Assistant General Manager responsible for Finance and Strategy between 2018 and 2020. Since July 2020, he has been working as the Assistant General Manager - Finance responsible for the Financial Reporting Directorate, Financial Affairs Directorate, Business Excellence and Innovation Directorate, Investor Relations Directorate and Data Governance Service units. He is also a Member of the Board of Directors of Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret Anonim Şirketi, one of the affiliates of Albaraka Türk. 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). He began his career with Bank of America Business Banking in Washington DC followed by his tenure at the London-based European Islamic Investment Bank between 2007 and 2009. In 2010 Malek Khodr Temsah joined 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 and is currently overseeing the Treasury, Financial Institutions and Investment Banking Departments. He was also a member of the Board of Directors for one of Morocco's first Islamic banks, BTI Bank, between 2017 and 2020, where he served on the audit and board affairs committees. He knows English, Arabic and Turkish at an advanced level.



**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 Vice President of Risk Management. He was named President of Risk Management in 2006. Since February 2017, Mr. Evcil 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. In August 2019, he became the Assistant General Manager in charge of Central Operations which consists of the Credit Operations Department, Foreign Trade Operations Department, Banking Services Operations Department, and Collateral Management Department. On January 27, 2020, he was elected as the Member of Risk Center Management in the Banks Association of Turkey, representing the Participation Banks Association of Turkey.

## SENIOR MANAGEMENT



### **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 held 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 to 2011 and later as Credits Operations Manager. In January 2017, he 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 to 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, Procurement, Training and Career Management Departments. Mr. Çelik is also Vice Chairman of Albaraka Kültür Sanat ve Yayıncılık A.Ş. and Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş.



### **Mehmet Fatih Yorulmaz**

#### **Assistant General Manager**

He was born in Kahramanmaraş in 1980. In 2001, he graduated from the Faculty of Civil Engineering, Middle East Technical University with the third rank in 3.5 years. In 2002, he received his engineering Master's degree from the Georgia Institute of Technology with a High Honor Certificate and took part in the engineering design of skyscraper-style buildings in Atlanta. He joined the Islamic Development Bank in Jeddah in 2005 and worked as a project manager in countries such as Afghanistan, Pakistan and Sudan. He returned to the USA in 2007 and completed his MBA at Harvard Business School as a High Honor Student. Afterward, he provided management consultancy services to the leading companies in the financial sector in the Boston and Istanbul offices of Boston Consulting Group. Then, he served as General Manager Advisor at Türk Telekom and Senior Director in charge of Marketing, Sales and Business Development at TTNET. In 2014, he started to work as the manager responsible for Central Asia and Turkey in the loan allocation unit of ICD, the private sector branch of the Islamic Development Bank. In 2016, he established the Turkey office of Compare Europe Group, an international fintech initiative, as Country Director. Mehmet Fatih Yorulmaz, who joined Albaraka Türk as the General Manager Advisor in 2017, has been serving as the Assistant General Manager – Marketing responsible for Marketing Department, Product Management Department, Communication and Brand Management Department and Pricing Strategy and Governance Service Department since July 2020. Mr. Yorulmaz is also a member of the Board of Directors of Albaraka Kültür Sanat ve Yayıncılık A.Ş.





### **Mehmet Uludağ**

#### **Director**

He was born in 1979 in Konya. He graduated from Dumlupınar University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2001 and completed his Master's degree in Business Administration at Gediz University in 2013. He started his professional career in 2004 with the title of Assistant Specialist in the Albaraka Türk Denizli Branch. He worked as a specialist between 2006 and 2008 and as an assistant manager between 2008 and 2011 in our Bank. Between 2011 and 2017, he served as Branch Manager in Manisa and Uludağ Branches, Aegean Regional Manager between 2017 and 2019 and Commercial and SME Sales Manager between 2019 and 2020. In July 2020, he was appointed as the Director of Arbitration and Business Excellence to the head of the Ombudsman, which was established to coordinate and resolve issues related to digitalization, new products, organizational changes and improvement of the Bank processes with the Branches. He still continues to work in this position.



### **Yasemin Aydın**

#### **Director**

She was born in 1974 in Kahramanmaraş. She graduated from Istanbul University, Faculty of Political Sciences. Then, she completed her Master's degrees in MBA and Marketing Communications. She started her business life in the banking sector in 1996. Between 1996 and 2011, she worked and managed in the fields of Digital Banking, Card Payment Systems, Retail Banking, Organization & Quality and in the business lines of Marketing, Operations, Product Development, and Information Technologies in this sector. Between 2012 and 2017, she managed consultancy projects in various sectors such as Organizational Structuring, Process Development & Management, Restructuring, and Digitalization and selection and assessment activities in the field of Human Resources. In 2017, she started to work as Digital Channels and Payment Systems Development Manager at Albaraka Turk. Ms. Aydın, who was appointed as the Director Responsible for Digital Channels and Payment Systems in July 2020, is also a Board Member at Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş.

## MACROECONOMIC AND SECTORAL OUTLOOK

# A YEAR OF GROWTH IN ASSETS IN THE SECTOR WITH INCREASED CREDITS VOLUME

The non-performing loan ratio reduced to **4.03%** by the end of 2020.

The Turkish economy has spent 2020, to which it started with growth expectations, struggling with the coronavirus pandemic as the entire world. Various measures and quarantine practices put in place with the prevalence of cases exposed the Turkish economy to negative effects, especially in the service sector and some export-oriented sectors. With the late onset of cases compared to other countries, the Turkish economy grew by 4.5% in the first quarter, where the economies of many countries have shrunk, but it shrank by 9.9% in the second quarter, where major shrinkages were experienced in manufacturing and retail sales. However, financial and monetary expansions performed to mitigate the economic effects of the pandemic, interest rate discounts in monetary policies and liquidity support, as well as loan growth significantly supported economic activity. The bottom-up movement observed in many leading indicators since May was confirmed by 6.7% growth in the third quarter. In the last quarter of the year, the tightening of the measures as a result of the increase in coronavirus cases created a downward pressure on growth expectations.

In terms of production, PMI data remained at 50 in November, indicating that the Turkish economy has been on the growth side for the last five months. On the other hand, the decline in demand for energy and oil due to the coronavirus pandemic during the year has significantly affected Turkey. The decline in energy prices, which constitutes a significant part of the current deficit and production costs, will support the growth in 2020 to remain on the positive side. While the shrinkage of the tourism sector is balanced with the decline in the current deficit caused by oil prices, the increasing demand for gold and high gold imports during the pandemic caused Turkey to have a current deficit in 2020. The current trend indicates that we will be among the top economies of the world by leaving 2020 with positive growth with the rapid recovery led by credit growth.

In 2020, the inflation rate was above expectations due to the volatility of the exchange rates. Inflation, which was expected to be above 14% at the end of the year, also affected the monetary policy. The policy rate, which fell to 8.25% during the pandemic, was raised up to 17% as of December. In the recent period, CBRT Speaker's emphasis on price stability in his statements to the markets and President Erdogan's statements about the "new era" in economic management caused rapid appreciation of TL assets and decline in bond yields and risk premium. Having experienced the peak of the year in April and been above 550 basis points in October, the CDS accelerated its shrinkage with the latest increase in interest rates and saw below 320 basis points. BIST-100 index has continued its upward trend since the end of October and managed a significant increase. The index, which started 2020 at 1,144 levels and declined to 850 in March, exceeded 1,430 points in the last days of 2020 and reached an all-time high. The stable stance of the economic management and the steps it took to ensure price stability created a safe environment for foreign investments and accelerated the capital flow in the last quarter. It is also thought that the capital flow will be stronger at this point in 2021.

#### **Banking Sector Outlook**

2020 was a challenging year for the domestic and worldwide economy. In this process, the banking sector assumed important roles both to maintain its own balance and to support economies. Especially loans have been at the focus of the banking system throughout the year. In order to revive the economy that was stagnated in the first half of the year due to the coronavirus pandemic, the government-incentive campaigns that reduced loan costs significantly supported consumer loan growth. On the other hand, the demand for consumer loans increased due to the pandemic. Interest rates, which were gradually reduced during the first half of the year, increased again in the second half of the year, thus signs of normalization were observed in the loan volume.

Regulations made by the BRSA to minimize the economic pressures caused by the coronavirus pandemic supported banking indicators positively during this period. Regulations such as deferral of loan installments, extending the periods for non-performing loans and updating required reserve ratios were effective in this view. In parallel with these developments, the non-performing loan ratio, which was 5.36% at the beginning of the year, reduced to 4.03% by the end of 2020. Although the banking sector's asset growth, which has accelerated since August 2019, was interrupted in March, it increased throughout the year from 17.05% at the beginning of the year to 34.7 % as of the end of 2020 due to the effect of loan growth. On the other hand, in the banking system, which is heavily affected by economic conditions, equity and return on assets ratios are low. It is thought that extending the validity periods of the supports and regulations in question will support the banks.

Another issue that came to the fore in the context of the banking system in 2020 was the increase in the dollarization trend. The upward movement in the exchange rates closely affects foreign currency deposits and loans. Dollarization trends, normalization in the economy and loan appetite of the market are likely to emerge as determining factors for the banking sector in the upcoming period. In addition, digital banking activities, which come to the fore in 2020 depending on the economic and social conjuncture and open a new door for the banking system, are expected to gain momentum and be implemented with various hardware in 2021.

**2020 was a challenging year for the domestic and worldwide economy. In this process, the banking sector assumed important roles both to maintain its own balance and to support economies.**



## ALBARAKA TÜRK'S POSITION IN THE SECTOR

# SHARE OF ASSETS SIZE AMONG PARTICIPATION BANKS IS 15.9%

Sectoral Growth (%)	2018-2019			2019-2020		
	Albaraka Türk	Participation Banks	Banking Sector	Albaraka Türk	Participation Banks	Banking Sector
Total Assets	21.7%	37.5%	16.1%	34.9%	29.8%	36.0%
Funds Extended	13.6%	26.9%	12.3%	36.4%	45.0%	32.4%
Funds Collected	38.9%	56.7%	24.2%	29.8%	50.0%	34.9%

Market Shares (%)	2019			2020		
	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	18.1%	1.14%	6.33%	15.9%	1.14%	7.16%
Funds Extended	17.4%	1.04%	6.02%	16.3%	1.08%	6.59%
Funds Collected	18.2%	1.48%	8.15%	15.7%	1.42%	9.07%



10%

15%

25%

1856.54

6 7 8 9

## ASSESSMENT OF OUR ACTIVITIES IN 2020

Funds Collected (TL thousand)	2019		2020		Change (%)	
	TL	USD equivalent	TL	USD equivalent	TL	USD equivalent
Turkish Lira Funds	14,696,620	2,479,187	15,465,033	2,103,514	5.2	-15.2
Current Accounts	4,199,395	708,400	4,634,568	630,382	10.4	-11.0
Participation Accounts	10,497,225	1,770,787	10,830,465	1,473,132	3.2	-16.8
Foreign Currency Funds	25,072,788	4,229,553	36,148,091	4,916,770	44.2	16.2
Current Accounts	8,883,093	1,498,497	18,524,807	2,519,696	108.5	68.1
Participation Accounts	16,189,695	2,731,055	17,623,284	2,397,073	8.9	-11.3
Total	39,769,408	6,708,740	51,613,124	7,020,283	29.8	4.6
Share of TL Accounts	37.0%		30.0%			
Share of Foreign Currency Accounts	63.0%		70.0%			
Current Accounts	13,901,974	2,345,137	23,159,375	3,150,078	66.6	34.3
Participation Accounts	25,867,434	4,363,602	28,45,749	3,870,205	10.0	-11.3
Total	39,769,408	6,708,740	51,613,124	7,020,283	29.8	4.6
Share of Current Accounts	35.0%		44.9%			
Share of Participation Accounts	65.0%		55.1%			

Funds Extended (TL thousand)	2019		2020		Change (%)	
	TL	USD equivalent	TL	USD equivalent	TL	USD equivalent
Funded Credits*	29,749,139	5,018,411	40,583,348	5,520,042	36.4	10.0
Non-Performing Loans	2,221,723	374,785	2,045,276	278,193	-7.9	-25.8
Provisions (-)	1,131,782	190,921	1,832,607	249,266	61.9	30.6

\*Includes financial leasing receivables.

### USD/TL Exchange Rate

2017 3.780

2018 5.279

2019 5.928

2020 7.352

**In 2020, the number of Albaraka Mobile users continued its previous growth trend and achieved a growth rate of 40%.**



## DIGITAL CHANNELS AND PAYMENT SYSTEMS

Digital transformation is fundamentally changing the banking industry just like other sectors. 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.

The Bank puts people at the center of its working model and aims to offer its customers a good experience in all channels by using technology effectively. In line with this understanding, it makes great efforts to ensure that its customers can access the banking services they need anytime, anywhere, and from any channel, and have an uninterrupted and integrated experience across channels.

With its digitalization strategy that puts mobile at the center, Albaraka Türk is progressing step by step towards its goal of providing all services offered to its customers through digital channels. Working to adapt its organization with this business model, simplify business processes, continuously improve customer experience, and increase operational efficiency by automating processes, the Bank aims to establish a digital ecosystem by producing innovative projects together with fintechs and other solution partners.

### Focus of Digital: Albaraka Mobile

In 2020, the number of Albaraka Mobile users continued its previous growth trend and achieved a growth rate of 40%. In addition to the increase in the number of users, new services have also been added to the services provided through Albaraka Mobile.

**Arabic Language Support:** Albaraka Mobile has been offered to the customers in Arabic in addition to Turkish and English.

**Withdrawing Money from Other Banks' ATMs through QR Code:** Customers who may currently withdraw and deposit money from Albaraka's ATMs through QR code will be able to withdraw money from the ATMs of other banks that support the system through the QR Code using Albaraka Mobile.

**Huawei AppGallery:** Albaraka Mobile has been offered to the customers in Huawei AppGallery, which is the official application market of Huawei.

**Jet Financing:** All retail banking customers can apply for financing from Albaraka Mobile and get pre-approval instantly. It is possible to apply for Housing, Vehicle, Consumer and Education financing from the Financing Transactions menu. Customers who receive pre-approval are invited to the branches to complete their transactions.

**Digital Confirmation:** Another application put into service to facilitate the lives of customers, especially during the pandemic, is digital confirmation transactions. Thanks to Digital Confirmation, customers can confirm the transaction orders they sent to the branches over digital channels.

**Investment Transactions:** Customers have been enabled to open investment accounts on Albaraka Mobile. With this function, customers can approve their contracts through mobile and open investment accounts without the need for going to the branch for a wet signature. In addition to the existing investment functions, second-hand lease certificate trading transactions can also be carried out through Albaraka Mobile. It is also possible to make trading of silver on mobile.

## ASSESSMENT OF OUR ACTIVITIES IN 2020

**Albaraka Internet Branch is still one of the channels where customers intensively carry out transactions. Diversification and enhancement of services through the Internet Branch continued in 2020.**

**Payments:** Customers have been enabled to make their Hajj and Umrah payments via Albaraka Mobile. Moreover, HGS loading transactions can also be performed over Albaraka Mobile.

### **Albaraka Assistant**

Albaraka Assistant, which performs transactions through both written and voice commands, can answer customers' questions and find the desired menus, as well as carry out money transfers and invoice payments with its latest feature.

### **Internet Branch**

Albaraka Internet Branch is still one of the channels where customers intensively carry out transactions. Diversification and enhancement of services through the Internet Branch continued in 2020. Some of the services started to be provided in 2020 are:

**KOLAS (Easy Addressing System):** The necessary efforts have been started for KOLAS (Easy Addressing System), which was initiated by the Central Bank to enable money transfer by matching the account with information that will be easily remembered by the customer such as national ID Number, tax number, mobile phone number, e-mail address, and passport number, without the need to enter 26-digit IBAN information (or account information), and this system has been offered to customers through the Internet Branch, Albaraka Mobile and Alo Albaraka.

**SWIFT Transactions:** Money transfers (SWIFT) made by the customers abroad have been started to be automatically transferred to the beneficiary bank in line with the specified criteria.

### **Union of Notaries Secure Payment**

**System:** Thanks to the project performed with the Union of Turkish Public Notaries, it has been provided to buy and sell second-hand vehicles easily and securely through Albaraka Türk's Internet Branch without the need to carry cash.

**"Pay with Albaraka" Network:** "Pay with Albaraka" application, which allows customers to easily make their purchases on e-commerce sites directly from their accounts using the Internet Branch, has started to be used on [www.hepsiburada.com](http://www.hepsiburada.com) in addition to existing e-commerce sites.

### **Online Private Pension and TCIP**

**Transactions:** IPS transactions were put into service to enable customers to easily obtain private pension contracts via the Internet Branch, and DASK application procedures for compulsory earthquake insurance.

### **Silver Account Opening and Silver**

**Trading:** Efforts have been completed to open a silver account and to perform silver trading transactions via the Internet Branch, and it has been offered to customers.

### **Short Term Lease Certificate**

**Participation Fund Trading:** The infrastructure for performing fund transactions over Albaraka investment/custodian accounts at the Internet Branch has been prepared and the "Short Term Lease Certificate Participation Fund" trading function, which was previously traded only from the branches, has been offered to the customers.







**TEFAS Investment Funds:** Trading of Albaraka Investment Funds and other institutions' funds traded in TEFAS over the Internet Branch, without the need for another intermediary institution, has been offered to the customers.

**Qualified Lease Certificate Book Building Procedures:** Customers who do not have qualified investor declarations have also been enabled to make a request for lease certificate transactions for qualified investors by submitting a declaration via the Internet Branch.

**Short Term Participation Hedge Fund Trading:** Albaraka Portfolio Short Term Participation Hedge Fund trading transactions have been offered to customers.

**Electronic Bill of Exchange (ELÜS) Display:** The opportunity to list and display the ELÜS, which is an electronic record representing the product that is issued in return for agricultural products delivered to licensed warehouses under the control and supervision of the Ministry of Commerce, and which represents the product for which it was issued.

**My Messages Menu:** "My Messages" menu was created in the Internet Branch to provide access to all messages sent to customers such as e-mail, SMS and mobile notification from a single point and to encourage them to monitor transactions directly over digital channels instead of receiving them via e-mail/SMS.

**Iraq Internet Branch & Albaraka Mobile Are At The Service Of Our Customers in Iraq:** Iraq Digital Channel Project, which was conducted for the customers of Albaraka Türk's Erbil and Baghdad branches to perform their transactions through digital channels, was completed and offered to the customers.

**The "Short Term Lease Certificate Participation Fund" trading function, which was previously traded only from the branches, has been offered to the customers over the Internet Branch.**

## ASSESSMENT OF OUR ACTIVITIES IN 2020

**Albaraka Türk Call Center has also taken quick steps against the Covid-19 and switched its customer representatives to a remote working structure, and started to perform many transactions that are carried out in the branches by renewing its transaction trees to assist the customer.**

### REMOTE FACE-TO-FACE BANKING EXPERIENCE

2020 will be a year that will be remembered all over the world even after many years. Due to the effect of the pandemic, 2020 has started a new era for business life. Remote working, which has always been discussed but could never be implemented, has become the most important process of business life.

Albaraka Türk Call Center has also taken quick steps against the Covid-19 and switched its customer representatives to a remote working structure, and started to perform many transactions that are carried out in the branches by renewing its transaction trees to assist the customer. The familiarity of the Call Center to technology has enabled this process to be overcome quickly and smoothly.

During this process, the importance of the Call Center has once again emerged, and it has been converted into a Directorate with the support of senior management. With the establishment of different services within the scope of this growth strategy, the name of the Unit was amended as Digital Branch Management Directorate.

One of the newly established services has been the Digital Customer Services Department. Branch-free banking services have expanded further with the process of becoming a customer remotely over the web. Thanks to the Digital Customer Services Department, the physical branch needs of the customers will be eliminated. It is expected that the number of customers and services will increase due to the technological investments to be made in this field.

In addition, Albaraka Türk allocated a large part of its energy to compliance with the legislation in 2020. Efforts were made to comply with the new regulations published by the BRSA for both electronic banking and call centers.

In 2021, it is expected that the remote working system will continue and the video call structure will gain importance. With the new regulation, call centers will become digital branches. Albaraka Türk's investments in this field are planned to be in line with both remote working structures and the development of video call systems.

In this regard, the Video Transaction Center Service was established. It is planned to complete the process of becoming a customer remotely through video calls in a short time. In the next stage, it is aimed to provide customers with a remote face-to-face banking experience by expanding the transaction sets via video call technology.

In addition, it is aimed to increase both the efficiency in internal processes and the quality of the service offered to the customers with the integration of artificial intelligence and analytical processes into existing applications.



## EFFECTIVE PORTFOLIO MANAGEMENT UNDER ALL CIRCUMSTANCES

Albaraka Türk Treasury Department follows the market trends and technological and innovative developments and applies them in the fastest way while carrying out its activities by prioritizing the liquidity management and the profitability of the Bank. While training strategies, market analyses, and activities with stakeholders and partners are organized to minimize the market risk, rapid steps have been taken towards digitalization.

Robotic process automation applications continue to work at the same pace in order to eliminate possible operational risks in treasury transactions, time management and efficiency, and to fulfill the relevant reports without error.

During the new pandemic period, all technological infrastructures have been fully equipped and no margin of error has been left. In 2020, within the framework of the Dealer Limit Project, efforts were completed to enable Trading Service employees to trade within the limit and stop-loss rates defined by the senior management decision. The Trading Service plans to develop strong market knowledge and use the defined limits in a way that will positively contribute to the profitability of the Bank.

In 2020, the existing customer portfolio in the sukuk market was increased with the pandemic crisis that made itself evident. Intense efforts were made in the most effective way to struggle with customer dissatisfaction that may arise from the market. While doing this, the profitability of the Bank was also taken into account, and the loyal customer portfolio in the second-hand lease certificates was maintained through pricing strategies.



The Bank's lease certificates service's equipment, knowledge and skills required in its field keeps Albaraka Türk at the top in this field in competition with other participation banks. At this level, the Bank both protects itself against possible liquidity risks and manages its portfolio effectively.

During the asset ratio period, both liquidity and profitability were provided to the Bank with the introduction of FX sukuk sales and FX promises against dollarization.

Investments of group banks constitute a large part of the total transaction volume and the year-end closing balance. Although Albaraka Türk currently has wakala agreements with 59 banks and Murabaha agreements with 11 banks, it works with a limited number of banks in the total wakala and Murabaha portfolio.

**Albaraka Türk's equipment, knowledge and skills keeps the Bank at the top in this field in competition with other participation banks.**

Pandemic process, geopolitical risks, policies of central banks and developments in international trade are expected to continue to have an impact on the foreign exchange and commodity markets in 2021. The news flows, which are important for these developments, are expected to create high volatility in market prices as in 2020. At this point, the Trading Service plans to effectively manage the currency risk that the Bank's balance sheet may be exposed to, especially under volatile market conditions. In addition to minimizing the exchange rate risk, it is aimed to maximize foreign exchange profitability with trading strategies that will be established in accordance with market conditions and price fluctuations. In addition, the increase in TL interest rates and the dollarization process of locals will be closely monitored and the liquidity position of the Bank will be observed in hedge transactions.

## ASSESSMENT OF OUR ACTIVITIES IN 2020

**With the expectation that global markets will recover in 2021, Albaraka Türk aims to be more active in interbank fund collection and lending processes.**

In the upcoming period, it is planned to investigate derivative products that can contribute to Albaraka Türk in terms of profitability and risk management, and initiate activities to increase transaction volume with correspondent banks and operate as a market maker in foreign exchange transactions.

Treasury Sales Service was established to meet the competitive environment required by the sector and increasing customer needs. A more effective pricing model for customers through branches and alternative channels is among the main goals of the service. In this regard, it is planned to implement new projects within the scope of digitalization during the year. As a result, an increase is expected in customer transaction volumes and assets as well as customer satisfaction. On the other hand, it is aimed to support the profitability of branches through the pricing strategy to be applied to the branches. It is aimed to increase the Bank's foreign exchange profitability with all these strategies.

With the expectation that global markets will recover in 2021, Albaraka Türk aims to be more active in interbank fund collection and lending processes. Especially, it is planned to be in more frequent contact with wakala and Murabaha contracted banks, with which transactions were carried out in previous years, but have not been worked or traded recently.

Establishing and managing a second-hand portfolio for FX sukuk in the new period is also among the goals of the Bank. Albaraka Türk aims to be the first participation bank in Turkey that will manage this product in the most effective way.

In addition, a policy of gaining proactive efficiency in decision-making processes will be followed by working on alternative solutions for the purpose of improving the liquidity management of the Bank and adding improvements to the systemic data flow that will ensure the efficient use of all assets and liabilities.

Efforts were made within the scope of the restructuring of the FTF Project, which contributes significantly to the fund management of the Bank, and it has been planned to create a variety of reporting to create awareness on the application. In the new structure, creating the opportunity to make pricing according to the maturity breakdown of fund collection and fund extending transactions will enable the analysis of rates and maturity differences in both fund collection and fund extending side. It is aimed to provide support for the maturities in which the stickiness of the collected funds should be concentrated and the determination of FTF policies.

Transaction Types	Transaction Volumes (USD)		Change %	Closing Balance (USD)	
	31.12.2019	31.12.2020		31.12.2019	31.12.2020
Murabaha	308,877,912.91	516,616,747.25	67.25%	-	7,421,700.00
Reverse Murabaha	75,149,735.09	614,258,429.65	717.38%	27,000,000.00	91,117,423.55
Wakala	2,109,772,310.44	2,396,607,078.42	13.60%	164,185,443.04	296,807,599.23
Reverse Wakala	201,300,000.00	215.790.000,00	7.20%	17,500,000.00	16,127,500.00
Participation Accounts Vostro	1,630,471,076.89	500,270,250.07	-69.32%	202,286,626.70	1,500,000.00
Participation Accounts Nostro	104,156,059.80	29,591,835.14	-71.59%	-	-
<b>Total (USD)</b>	<b>4,429,727,095.13</b>	<b>4,273,134,340.53</b>	<b>-3.54%</b>	<b>410,972,069.74</b>	<b>412,974,222.78</b>

## INCREASING FOREIGN TRADE VOLUME WITH WIDE CORRESPONDENT NETWORK

### Relations with Correspondent Banks

Conducting intensive efforts with domestic and foreign correspondent banks within the framework of the principle of reciprocity in order to respond to the international banking needs of its customers with a customer-oriented service approach, Albaraka Türk continued to provide an efficient and high-quality service in 2020 to its Retail, Corporate and SME customers with a total of 1,010 correspondents located in 115 different countries, and 59 nostro accounts in 15 different currencies, available in 45 banks resident in 24 countries.

In 2020, the Bank continued its efforts to effectively meet the demands of our customers and increase our foreign trade volumes and carried out activities to develop relations with correspondent banks.

The Covid-19 pandemic, which started to affect the whole world at the beginning of 2020, also negatively affected Albaraka Türk's business conduct. It was a year in which correspondent bank visits planned in the previous year could not take place, and many organizations and events attended by hundreds of banks and other financial institutions each year were canceled. Despite this, Albaraka Türk has managed to keep its correspondent banking relationships alive with the target countries and the current and potential correspondent banks resident in these countries through online meetings and the online conferences and seminars it attended.

In 2020, new correspondent relationships were established with 57 banks located in different countries of the world. It is foreseen that the onboarding processes initiated with global banks, which are among the target correspondent banks, will be finalized in 2021.

In 2020, new correspondent accounts were opened in the Australian dollar, US dollar and Saudi Arabian Riyal at different correspondent banks, enabling to meet customer demands in foreign trade and customer payments more effectively.

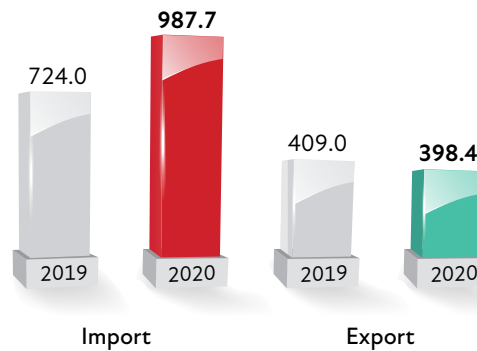
### Rising Foreign Trade Volume

In 2020, the Bank's total export letter of credit transactions increased by 36.41% on the volume basis compared to 2019, reaching a level of USD 1 billion. Despite all the negative effects of the Covid-19 pandemic, the volume of export letters of credit maintained its levels in 2019 on a unit basis. In the import transactions, on the other hand, although there had been a slight decrease due to the negative effects of the pandemic in the European region, the total volume of letters of credit of the Bank increased by 22.32% compared to the previous year.

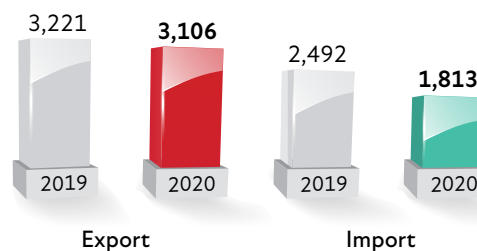
One of the most important factors in this increase in foreign trade volume is Albaraka Türk's wide network of correspondents in our country's export markets.

### Foreign Trade Volume in 2020

#### Letter of Credit Volume (USD million)



#### Letter of Credit in Units



**In 2020, new correspondent relationships were established with 57 banks located in different countries of the world.**

## ASSESSMENT OF OUR ACTIVITIES IN 2020

**Efforts to digitalize the processes within the Financial Institutions Department continued in 2020 at full speed, and 24 processes were implemented with the support of the relevant units of Albaraka Türk.**

### **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. Albaraka Türk, which is in close cooperation with DEİK, became a member of the business councils of China, Malaysia, Bahrain, Iraq, Ghana and Morocco in 2020.

The Bank participated in online events organized by business councils and other countries' business councils in 2020, contacted customers, and the company participant lists provided during these activities were shared with the relevant directorates of the Bank, and marketing and sales activities were supported.

In 2021, the Bank's foreign trade volume will be increased by becoming members of different business councils in line with different strategic goals.

### **Sensitivity to International Legislation and Customs**

In 2020, as in every year, 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 in 2020 and established coordination between relevant departments.

To raise awareness on legislation- and compliance-related issues, personnel from the concerned branches and Headquarters departments underwent regular training during the year. In addition to in-house training, the personnel attended legislation and compliance training programs organized by account correspondents and other correspondent banks in 2020 to ensure harmony with main correspondent bank policies.

### **Digitalization of Processes is Ongoing**

Within the framework of its strategic goals and the importance given to digitalization by Albaraka Türk, efforts to digitalize the processes within the Financial Institutions Directorate continued in 2020 at full speed, and 24 processes were implemented with the support of the relevant units of the Bank.

With the completed developments and process improvements, great progress has been made in providing services to branches, and therefore to customers, more accurately and quickly. These efforts will continue in 2021, and more advanced points will be achieved in providing faster service to customers.

## 155% GROWTH IN LEASE CERTIFICATES AMOUNT

The number of cases continues to increase rapidly throughout the world in the coronavirus pandemic, which has started to spread in China since the beginning of 2020. The rapidly increasing number of cases due to the pandemic brings quarantines and restrictions again.

According to the measures announced, it is thought that it will not be easy for the service sector to enter a full normalization process in the upcoming period. On the other hand, it is observed that the CBRT tightened its monetary policy as a result of increasing inflation and exchange rate volatility. CBRT increased the policy rate from 10.25% to 17% with a total increase of 675 basis points in November and December MPC meetings. This move led to a slowdown in loan growth and an increase in demand for TL assets. Uncertainty in the markets caused investors to prefer capital market products, which are more liquid instruments and offer relatively more attractive returns.

Looking at the overall capital markets, the total domestic savings, which was TL 4.2 trillion as of the end of 2019, reached approximately TL 5.2 trillion as of September 2020. The distribution of savings according to the December 2020 data is TL 3,444 billion deposits, TL 1,679 billion bonds and TL 608 billion stocks. There was a significant increase in the number of stock investors and the number of investors, which was 1,203,400 as of 2019, reached 1,761,500 in September 2020. It is expected that TL interest rates will move upwards again due to the changing Central Bank policy and the demand for these investment instruments will increase further in the upcoming period with the new normalization period.

With more than 30 years of experience in the sector, Albaraka Türk has succeeded in achieving healthy and sustainable growth by foreseeing the great change experienced by the Turkish economy over time, with the right strategies.

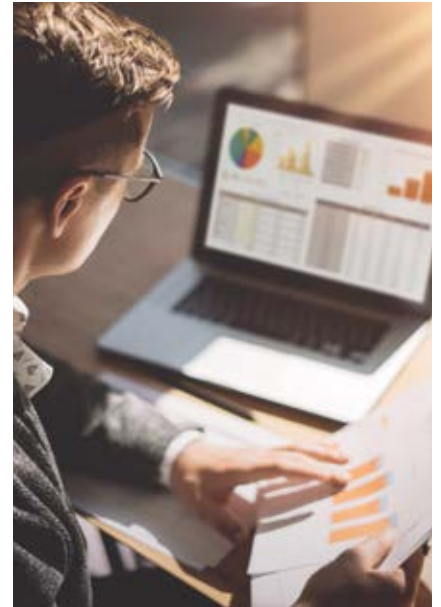
As of December 2020, the number of lease certificates issued and in circulation in the domestic markets reached TL 4.2 billion. Thus, approximately 11% growth was achieved compared to the previous quarter, and the total growth reached 155% compared to the end of 2019.

In the entire sector, lease certificates amounting to TL 54.1 billion were issued as of the end of December 2020. Albaraka Türk took a 24.14% share in the sector and became the bank that issued the highest TL lease certificates with an issuance volume of TL 11.3 billion.

2020 was a very busy year, especially in terms of lease certificate issuances. In this context, the total issuance size of 65 different lease certificates in 2020 reached approximately TL 13 billion. With the increase in issues, the investor base has improved, and in 2020, approximately 1,400 new customers participated in the lease certificate issues of the Bank for the first time. Therefore, lease certificate issuances enabled many investors to access capital markets. Customers' ability to open investment accounts via internet banking, trade lease certificates in primary and secondary markets without the need for any physical paperwork and the active support of the field team have contributed significantly to the development of the investor base.

The Investment Banking Department operates in the fixed income securities market within the framework of the conditions and practices of this market. The Unit handles the domestic and foreign capital markets as a whole and closely monitors the development of not only Islamic instruments but also all market instruments.

**Albaraka Türk maintained its leading position in the sector with a lease certificate issuance volume of TL 13.1 billion in 2020, having a share of 24.18% in the sector.**



## ASSESSMENT OF OUR ACTIVITIES IN 2020

**Investment Banking Department implemented a number of projects in 2020 in order to increase the recognition of lease certificates and capital markets products, reduce the operational workload of branches, customers and personnel during issuance processes.**

In addition to basic indicators such as Central Bank policies, funding interest, deposit and participation account rates, bond market, Ministry of Treasury and Finance bond and lease certificate returns, which are determinant in the current market conditions, volatilities in the precious metal and foreign exchange markets, which are observed to have an effect on investors' appetite for fixed income Turkish Lira securities, are also carefully and closely monitored while structuring products.

The Unit also performs lease certificate activities with variable return (other reference values as permitted by inflation and religious practices) from time to time in this term scale in order to eliminate the varying market conditions and middle/long term concerns of investors. Daily trading pricing of second-hand lease certificates, conducted jointly with the Treasury Department and currently carried out by the Treasury Department on business days, also offers the Bank and its customers the opportunity to hedge against volatile market conditions.

In this context, the Unit followed a competitive pricing strategy for shorter-term issues and continued its support to the Bank's balance sheet in liquidity management continuously and increasingly. As a result of the evaluation made by the senior management with regard to the foreign transactions, the Tier 2 sukuk transaction amounting to USD 250 million, which was issued in 2015 for the purpose of providing subordinated loans, was renewed for the next five years (until November 30, 2025, which is the Maturity Date), without using the early call option, and the pricing was revised downwards in favor of the Bank by using the method specified in the transaction documents in accordance with changing market conditions.

In the 2020 activity period, the Investment Banking Department continued to expand its business volume, while optimizing business processes and increasing service quality and customer satisfaction.

Investment Banking Department implemented a number of projects in 2020 in order to increase the recognition of lease certificates and capital markets products, reduce the operational workload of branches, customers and personnel during issuance processes, and also contribute to liquidity management at minimum cost. During this process, robots started to be used with the support of the digitalized world and technology. Many processes such as issue pricing and daily reporting have been started to be performed by robots, thus reducing the workload of the Unit.

In 2020, it was observed that companies preferred capital markets to meet their funding needs, and the process of establishing a new asset leasing company was completed to respond to these searches of companies and to issue lease certificates to third parties in order to contribute to the profitability of the Bank, and it was registered under the name of "Değer Varlık Kiralama Şirketi."

During the same process, book building practice was implemented for lease certificate issuances via the Internet Branch. Thus, customers using the Internet Branch were able to participate in both lease certificate issuances for qualified investors and public offerings without the need to go to the branch. Necessary activities have also been initiated to transfer the same system to mobile banking.

The capital reduction process has been initiated and completed in order to reduce the fixed costs of the existing asset leasing company Bereket Varlık Kiralama Şirketi.



“Do You Know These?” series was launched in order to increase the knowledge of branches regarding lease certificates, thus providing short weekly information to the branches.

A detailed analysis report was started to be prepared the day after the issues were completed in order to analyze the new funds coming to the Bank and the customer exits in lease certificate issues, and the analysis in question was started to be shared with the Bank’s senior management, Sales Departments and Treasury Department. A new screen design is being prepared to gather all investment products owned by the Bank on a single screen and present them to the branch personnel. Negotiations with the relevant Directorates have started to develop this screen called the investment products module.

Having successfully completed the challenging year 2020, the Unit will continue its innovative vision in its business and operations in line with the expectations of a “V” shaped recovery in the next year. In addition, it is planned to be transformed into a Unit that not only provides funds but also generates revenue by mediating the issuance of lease certificates of third parties through the Bank’s subsidiary, which was established with the title of Değer Varlık Kiralama A.Ş., all shares of which are held by the Bank.

## THE LARGEST SUPPORTER OF CORPORATE CUSTOMERS

Cash loans amounting to TL 22,045,793,142 were provided to corporate segment customers in 2020. Leading sectors in corporate loans were real estate trading, construction, retail trade-in specialized stores, real estate investment trusts, milk and dairy production, electricity generation and distribution, and oil refinery products.

A decrease is expected in loan growth rate in 2021 compared to 2020. The main reason for this is the expectation that the tight monetary policy of the CBRT will continue, the competition will accelerate especially in the field of TL fund collection, the increase in costs will continue, and the gap between fund collection and loan profit margins will become narrower.

In 2021, a decrease in collection performance and an increase in the demand for term extension/deferral/restructuring in due collections are also expected. Long-term loan demands for machinery/equipment purchase will increase the tendency towards public-sourced loan products such as KGF and EXIM in the sector, which is experiencing growth in demand.

**Leading sectors in corporate loans were real estate trading, construction, retail trade-in specialized stores, real estate investment trusts, milk and dairy production, electricity generation and distribution, and oil refinery products.**

## ASSESSMENT OF OUR ACTIVITIES IN 2020

**Real estate sales have achieved the highest level in recent years due to the decreasing interest rates with the support of the state since the second half of 2020. Albaraka Türk broke a record by selling 268 real estates for TL 400 million during this period.**

### A NEW RECORD IN REAL ESTATE SALES

There has been an extraordinary increase in the restructuring requests received by the Bank after the negative effects of the Covid-19 pandemic on the economy.

Real estate sales have achieved the highest level in recent years due to the decreasing interest rates with the support of the state since the second half of 2020. Albaraka Türk broke a record by selling 268 real estates for TL 400 million during this period.

Albaraka Türk regularly sends daily e-mails and informs the branches through the RPA Robotic Process in order to actively monitor all non-performing customers by branches to detect risks early and improve risk monitoring processes and monitor customers in the Retail and Corporate segments more effectively. KRIKI screen has been activated for branches to see all non-performing customers and to take active actions.

For retail customers who are called by the Retail Analysis and Collection Service and from whom payment promises are received, and to whose accounts money

is deposited subsequently but is not collected, e-mails are regularly sent to branches through the RPA Robotic Process, and collections are made without waiting.

A new screen was requested to overcome the problems experienced as the collection screens for each product in the Bank is different, to increase the collection speed and to make collections through a single screen, starting with the product with the most delayed days. In order to accelerate the request and conclude it immediately, the process is carried out through the Process Management and Organizational Development Service, and analysis activities are carried out by the Process Management.

The screen was designed to ensure a more effective follow-up of corporate customers who have been included in non-performing loans accounts and against whom no legal proceedings have been initiated, to increase collections and to determine the actions to be taken (collection, restructuring, legal proceedings) in a healthy way, and developments are continued by the IT.

A long time lapses until the initiation of legal proceedings after the customers are included in the non-performing loans accounts, and accordingly, the rate of provisions increases. Therefore, it is planned to call the customers who were included in the non-performing loans accounts at least for a period of time for the purpose of collection, to try to make collections, to identify the risks and take early actions for the determination of those from whom no collection can be made.

It is aimed to make efforts on the improvement of the technical infrastructure for the crises that may occur in the future, taking into account the intense restructuring/installment deferral requests from customers during the pandemic.



## SUPPORT TO KEEP PRODUCTION AND ECONOMY ACTIVE

Funds amounting to approximately TL 1.3 billion were extended to 1,795 different customers, especially to SMEs, within the scope of the “Check and OPEX Credit Support Package” launched by the Credit Guarantee Fund to provide financial support to the sectors negatively affected by the pandemic in 2020.

TEFAS integration project, which is a security trading platform that can provide financial inclusion and customer loyalty within the scope of Fund Collection, has been completed. In addition, the Electronic Bill of Exchange (ELÜS) storage service, to which agricultural products are subjected to, was also activated.

In order to protect production and economic flow during the pandemic, development activities were carried out on financing products that support companies. With the accounting integration infrastructure, the number of integration companies, where customers can manage and report their cash flows, and make book-entry transactions, has been increased to 10.

It is ensured with the Direct Debiting System that the forward sales of goods and services of the parent companies to their dealers are secured. In this context, effective marketing and sales activities were performed to increase the number of contracted parent companies and dealers, and necessary systemic arrangements were made in line with the needs of customers.

The most important one among these developments is making the DBS infrastructure with Contribution Margin available to the parent companies and dealers. In this way, parent companies put up with the financing profit rate and can provide the opportunity of non-profit financing to the dealers in the amount of invoice. Thus, parent companies can increase their sales volumes and provide affordable financing to the dealers.

Digitalization efforts that have already been initiated in the banking sector have accelerated with the catalytic effect of the pandemic that occurred in 2020. It is considered that this trend will accelerate further in 2021 and contribute to the digitalization of banking practices. In line with the digitalization of the banking sector, product/service activities have been accelerated. These efforts will be made for both the digitalization of existing products and services and the introduction of new digital products.

Digital credit products were designed and started to be worked on in 2020 in order for retail and corporate customers to obtain their financing needs without going to any branch. Albaraka Türk plans to provide the service of becoming a customer and obtaining financing support remotely in accordance with the principles of participation banking, along with the products it will launch in the upcoming period.

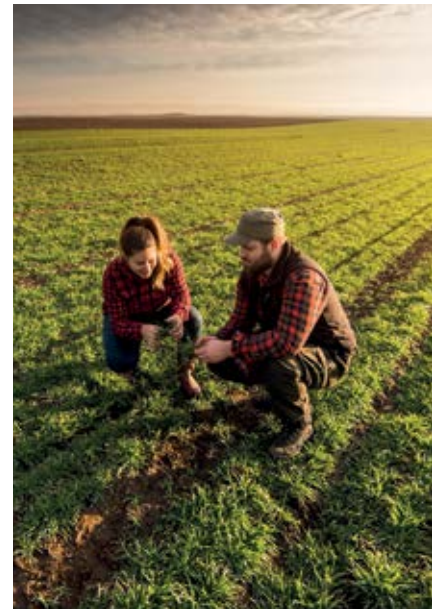
FAST (Transfer of Funds in the Instant System) and KOLAS (Easy Addressing System), which allow especially retail customers to make 24/7 EFTs and make these transfers through easily remembered keywords such as mobile phone, ID number, and e-mail address and the infrastructure of which is provided by the CBRT, are included in the projects.

The most important products, services and developments introduced in 2020 are as follows:

### Financing of Agriculture and Livestock

The necessary infrastructure and products have been prepared in the field of agriculture and livestock, which are the strategic activities of the countries, as observed especially during the pandemic period. Albaraka Türk, which is the supporter of real activity in the upcoming period, will take its place beside the farmers and producers with new products.

**Funds amounting to approximately TL 1.3 billion were extended to 1,795 different customers, especially to SMEs, within the scope of the “Check and OPEX Credit Support Package.”**



## ASSESSMENT OF OUR ACTIVITIES IN 2020

**“Physical Gram Gold” was also added to Albaraka Türk’s gold product range after the Gold/Foreign Currency Savings Account, Gold Transfer System, Electronic Gold and Bar Gold Delivery products.**

**Financing at the Dealer - Need:** It is a product that customers can apply for financing 24/7 while they are at the dealers for their technology, education, furniture, etc. needs, without the requirement of being an Albaraka Türk customer, and as a result of this application, they receive approval, revised approval, pre-approval or rejection of their financing request. Customers who obtain approval/revised approval perform many transactions such as fund extending, customer creation, current account opening, vendor payment and blockage for financing, and automatic collateral matching within minutes while they are at the dealer. Thanks to this project, each contracted dealer acts as a branch of the Bank in terms of loan extension, new customer creation and other cross-selling opportunities.

**Financing at the Dealer - OTS:** Financing at the Dealer product, which is planned to be offered to customers in the form of OTS Education Financing, has been put into practice by the end of 2020.

**Fill It Up:** It is a Fuel Management System where customers can be registered through an online application and customers can benefit from various advantages in addition to purchasing fuel at a discount. With this system, customers will be able to purchase fuel at a discount from Opet stations throughout Turkey.

**Physical Gram Gold (Pilot Application):** “Physical Gram Gold” was also added to Albaraka Türk’s gold product range after the Gold/Foreign Currency Savings Account, Gold Transfer System, Electronic Gold and Bar Gold Delivery products.

**Rent Management System:** The Rent Management System is a system where the rent income of the property owners who have monthly regular rental income (For example, “Which tenant has deposited his rent and which has not?”) is followed up, and which enables the property owner to be notified, to transfer the rental income to participation accounts automatically (“So that my

money would not be idle”) and to collect the rental payments on time with the “Rent Paying Account” (“On-time payment by the bank even if my tenant has no money in his/her account”).

**Pool Account:** It is a cash management product for customers who have money flows to different current accounts but want to control them from a single account. With the pool account product, the amounts in other accounts are automatically collected in the pool account at the end of the day.

**E-integration:** As of 2020, companies with a turnover of over TL 5 million and some sectors are required to gradually receive e-integration services. Companies can receive this service through integrators or some banks. In this regard, Albaraka Türk concluded an agreement with “Türkkep Kayıtlı Elektronik Posta Hizmetleri A.Ş.” Customers will be able to convey their financing needs to the portfolio manager with a single click, by clicking on the “Get Offer from Albaraka” button on the screen they use for e-invoice transactions. The Marketing Directorate initiated a direct communication activity for potential customers within this scope.

### **Albaraka Portfolio Short Term**

**Participation Hedge Fund:** It is a security investment fund that enables daily investment for qualified investors and can be traded through Bank branches and Internet Branch.

**Protection Account:** It is a type of account that operates as a current account that payment service providers and electronic money institutions have to open to legally secure the amounts they collected on behalf of their customers.

**Electronic Bill of Exchange:** ELÜS is an electronic document issued to represent agricultural products stored in licensed warehouses and traded in TÜRİB (Turkish Product Specialization Exchange).



**Many improvements were made during the year for the product, where retail customers can apply 24/7 for financing through digital channels (corporate website and mobile branch) and receive approval or refusal within seconds.**

**Business Card Life Insurance:** Business Card holders are offered invalidity insurance due to death and accident within the limits of their cards. In addition, the policy includes an assistance package that includes services such as plumbing, key work, glass work, and electrical work.

**Digital TCIP:** Digital TCIP Insurance product was developed to enable customers to purchase compulsory earthquake insurance from Albaraka Türk's Internet Branch anytime and anywhere.

**Second Spring Personal Accident Insurance:** Accidental death and invalidity insurance is offered to customers. In addition, the policy includes enriched assistance services such as cataract examination, hearing test, and hospital transfer service. The prominent feature of Second Spring Personal Accident Insurance is that it provides the opportunity to sell personal accident insurance to customers up to the age of 80.

**Digital IPS:** Digital IPS product was developed to enable customers to conclude individual pension contracts anytime and anywhere from the Bank's Internet Branch.

**Sukuk and ELÜS Secured Loan:** Processes of products that provide both fund collection and financial support have been improved. These products, which are also investment tools, come automatically within the collateral flow and can be directly secured.

**General Loan Agreement:** The renewal process of the bank's general loan agreement was completed in 2020.

**Fee and Information Form Annexed to General Loan Agreement:** The fee and information form received together with the general loan agreement was integrated into the flow within the branch screens, and a QR code was added to the documents, allowing a customer-specific form to be printed. In this way, operational convenience was provided and paper wastage was prevented.

**Improvements in Accordance with the Regulation on Corporate Loans:** In accordance with the regulation requiring early payment discounts and early closing obligation in commercial loans, which entered into force as of April 1, 2020, early payment discount efforts were made for all loan types in all maturities. Likewise, early closing procedures were made compliant with the regulation.

**Loans with Contribution Margin:** During the pandemic, improvements were made in the processes of loans with contribution margin, which are products for the needs of micro and SME customers, a printed contract was drawn up and a dynamic flow was established. The product has been made operationally efficient and more profitable for the Bank.

**Classification of Letters of Guarantee:** Efforts were made together with the Bank Allocation, Sales and Operations Directorates for the classification of letters of guarantee and improvements in the transfer processes, and they were put into service.

**Classification of Letters of Guarantee (i-albatross):** Efforts were made on i-albatross, which is the system used by the branches abroad, together with the Bank Allocation, Sales and Operations Directorates for the classification of letters of guarantee and improvements in the transfer processes, and they were put into service.

## ASSESSMENT OF OUR ACTIVITIES IN 2020

**FAST and KOLAS, which allow Customers to make 24/7 EFTs and make these transfers through easily remembered keywords such as mobile phone, ID number, and e-mail address and the infrastructure of which is provided by the CBRT, are included in the projects.**

**Jet Financing:** Many improvements were made during the year for the product, where retail customers can apply 24/7 for financing through digital channels (corporate website and mobile branch) and receive approval or refusal within seconds. The information received from the customers was reduced, the branch selection of new customers was prioritized, and therefore communication through branches is facilitated. In addition, upper limit amounts to be applied by customers were increased and decision trees were revised. Thanks to all these improvements, there has been an increase in both the number of completed applications and the funds extended.

**Fuel Management System (AYS):** It is a product where customers can buy fuel at a discount from Petrol Ofisi. Now, customers can subscribe easily and quickly through the online platform, and benefit from services such as fleet tracking and accounting convenience as well as purchasing fuel at a discount.

**Credit Guarantee Fund (KGF):** During the pandemic, an agreement was concluded with the Credit Guarantee Fund (KGF) in order to meet customers' cash needs and to avoid difficulties such as goods procurement, invoices and salary payments, and customers were provided with credit convenience within the scope of Opex and Check Support Package. In this context, a total of TL 1.23 billion loans were extended in four months.

**Collection System (TS):** It is a system that enables the automatic payment of deferred receivables arising from the sales of the parent companies to their dealers/ customers from the dealers' accounts when they become due.

**New Accounting Integrations:** Akinsoft Accounting Integration, Payfull Accounting Integration, ODISPRO Accounting Integration, and Logo On-The-Job Accounting Integration have been realized.

**FAST and KOLAS:** FAST (Transfer of Funds in the Instant System) and KOLAS (Easy Addressing System), which allow Customers to make 24/7 EFTs and make these transfers through easily remembered keywords such as mobile phone, ID number, and e-mail address and the infrastructure of which is provided by the CBRT, are included in the projects.

**TEFAS Integration:** With this integration, Albaraka's investment funds currently traded at TEFAS and other investment funds suitable for participation banking can be sold through branches and Internet Branch without the need for another intermediary institution.

**Smart Instruction System:** Customers with planned fund entries in their current accounts will be able to open an automatic classical participation account monthly (for example, between the 5<sup>th</sup> and 10<sup>th</sup> of each month or on the 4<sup>th</sup> of each month), at a future date or date range they desire, with an instruction they will give.

**Online IPS to Foreign Customers:** With the development of the product, the passport number has been integrated into the system, and customers with passport numbers have been provided with the opportunity to purchase IPS online.

**Automatic Renewal of Car Insurances and Traffic Insurances:** The coverage was expanded with the systematic development, and car insurances and traffic insurances were included in the central automatic renewal system.

**Life Insurance for Long Term Commercial Loans:** With the systematic development in the annual life insurances for loans, policies for financing longer than one year can be issued with equal maturities with the financing period.



## PERFECT SERVICE APPROACH TO CUSTOMERS FROM ALL STRATA

Albaraka Türk achieved significant success by utilizing its competitive advantages in sales and marketing despite the extraordinary process experienced due to the pandemic effect in 2020.

Albaraka Türk aims to offer a personalized marketing experience by serving with different banking models in the retail customer segment, especially in the mass and mass star segments. In addition, the Bank considers micro-segment customers such as farmers as a professional group and offers products and services tailored to the financial needs of these segments. Digital customer effort is among the breakthroughs made within the Bank in 2020.

The Bank has undertaken many projects that will increase its quality and efficiency in 2020. The main ones are the Digital Customer Creation Project, banking models designed for customers with different profiles and the Financing at the Dealer Project for both SMEs and retail customers.

With the “Digital Customer Creation Project,” a model is being developed to serve customers without the need for a branch. Thanks to this model, customers will be able to access products such as financing and credit cards without going to a branch. Thus, customer acquisition and management will be ensured even in provinces and districts where there are no branches.

In addition, product and service efforts will be made to meet the demands and needs of farmers with the Agricultural Banking model. With the financing at the dealer product, the financial needs of those who apply to the dealers of the contracted companies to purchase products are met instantly, whether they are customers or not. Thus, fund extending can be carried out without the need for customers to go to any branch.

The main activities carried out in 2020 were as follows:

- Pilot applications were initiated in 25 branches within the scope of Agricultural Banking. The Bank will continue to support the development of the agricultural sector in the 2021 activity period and to stand by farmers and contribute to sustainability with the products specific to this sector.
- In 2020, the Bank switched to the new segmentation model. With the new model, customers in every segment were better accessed and interactions became more efficient.
- Digital Customer Project was completed in 2020. The launch to be held in 2021 will contribute to the digital identity of the Bank and accelerate the acquisition of retail customers.
- Commercial financing campaigns were organized to support customers suffering from the pandemic and to meet their cash needs. In addition, DBS agreements were concluded to support customers in product procurement processes.
- Various marketing activities were carried out for Alneo, one of Albaraka Türk’s prominent digital products, and digital POS opportunities were provided to more customers.
- Special product offers were made to customers by initiating sales activities on the phone, and a new channel was created for the Bank in terms of sales activities.
- The private banking customer network was expanded and face-to-face interaction was provided with more customers.

One of the most important steps taken for 2020 is the insha Ventures which was established to support the development of fintech ventures. The pandemic experienced in 2020 once again demonstrated how important technology and fintechs are in terms of the business ecosystem. Albaraka Türk aims to support these developments and ensure that fintech entrepreneurs take place in the sector.

**Albaraka Türk has undertaken many projects that will increase its quality and efficiency in 2020. The main ones are the Digital Customer Creation Project, banking models designed for customers with different profiles and the Financing at the Dealer Project for both SMEs and retail customers.**



## ASSESSMENT OF OUR ACTIVITIES IN 2020

**Despite the pandemic conditions, the number of active customers grew by 2% in 2020 and reached 757,967. In 2020, 56% growth was achieved in retail loans, 39% in KFD product and 25% in total participation funds.**

In addition, the Bank made optimizations in many operational activities with the robotic processes launched in 2019. In 2020, 28 processes such as weekly sector campaign researches, participation banking news bulletins and financial activities of the market were transferred to robots within the Marketing Department, and time-saving was ensured.

### **Customer Experience was Enriched and Deepened**

Albaraka Türk increases customer loyalty with loyalty campaigns and customer experience outputs. With the loyalty campaigns, it is aimed to deepen the financial relationship of the customers with the Bank. In line with the research outputs of the Customer Experience Service, products, services and even process designs are performed pursuant to the requests, needs and complaints of the field, thus ensuring full integration with the lives of customers.

Many campaigns were held throughout the year with the aim of gaining new customers and deepening. The Bank strives to touch the lives of its customers in every aspect through activities such as advantageous rates in financing products, raffle campaigns and brand collaborations.

The Bank holds various campaigns to stand by our customers on their special days. In this regard, discounts were offered in places where books were sold for its teacher customers on Teachers' Day.

In 2020, the interface was changed for customer needs in the mobile branch for customers who now use online channels rather than branches.

With the digital statement campaign, saplings were planted in Hatay to support nature after the forest fire, and future paper wastage was prevented.

### **56% Increase in Retail Loans**

As a result of these efforts, the number of active customers grew by 2% in 2020 and reached 757,967, despite the pandemic conditions. In 2020, 56% growth was achieved in retail loans, 39% in KFD product and 25% in total participation funds. Alternative fund collection products with high returns have a great impact on the development of the funds item. There was also growth in precious metals and special current accounts during the year.

Compared to 2019, the use of Housing Loans quadrupled, Land Loans tripled and Vehicle Loans doubled by amount.

The 2020 annual development rate for the use of Corporate Finance Support is 39% for all customers. Only the ratio in the volume of use on the basis of corporate segment customers decreases to 36%. The highest improvement in cash loans was in the use of Term Export Finance of commercial customers, and an increase of 522% was achieved compared to the end of 2019. There was also a 76% increase in the Financial Leasing item for commercial customers.

The annual improvement in total GNK extending was 9%. When analyzed on the basis of a line of business, the highest improvement rate was achieved in retail customers with 27%. Retail customers are followed by commercial customers with 12%.

The Bank also reinforces its ties with credit card customers. Within this framework, Private Banking Credit Card equipped with special assistance services for Private Banking customers, Platinum Credit Card offering privileges with assistance services, and Trend Credit Card for young customers were brought into use, and 1% growth was achieved. Commercial activities of the customers were supported with the Business Card and POS. 4% growth was achieved in Active Business Card in 2020.





In terms of total participation funds, a growth of 25% was observed as of the end of 2019. In line with the Bank's financial inclusion strategy, efforts are made to increase the funds collected in retail and SME business lines and to reduce the concentration rates. In terms of the top 200 customer concentration rates for the years 2020 and 2019, a 17.8% decrease is observed.

When 2020 fund development is analyzed on a segment basis, while the increase in retail segments is 13%, it increases to 85% in corporate segment customers. While there is a 48% improvement in private current accounts, the annual improvement rate in participation accounts is 5%. The share of participation accounts in total funds is considerably higher than that of private current accounts. Participation account volume is approximately 34% higher than the private current account volume.

In 2020, a volume of approximately TL 185 billion was achieved in Cash Management services. This item includes products used by almost all segments such as invoice collections, SSI payments, checks and notes volume, AYS, and DBS.

A total annual gross premium production of TL 261 million was achieved in insurance services. Commission revenues increased by 50% compared to 2019.

#### **Targets for 2021**

In 2021, the impact of the pandemic is expected to reduce and even end. Albaraka Türk aims to focus on digital banking, digital customers and SME banking along with normalization.

In addition, customer acquisition and deepening activities are planned to support the financial inclusion strategy. New banking models which were planned to be launched will also support this strategy.

## **BUSINESS EXCELLENCE AND DIGITAL TRANSFORMATION**

Digital transformation, effective use of technology and efficiency are among the most important issues on the agenda of banking. Digital transformation efforts initiated in 2017 in order to provide customers with new products and services they need through new business models, to transform into a global digital brand preferred by the customers, and to make the digitalization process a corporate culture continue in a comprehensive manner.

The projects conducted in the digital transformation roadmap can be grouped under five main themes;

#### **Products and Services which will Increase Customer Experience and Directly Contact with the Customer:**

Projects that are critical for target customers and that will enable the development of innovative products, the improvement of existing products and their presentation through digital channels are carried out in order to increase customer acquisition and customer experience.

#### **New Business Models and Integration to Ecosystem:**

While carrying out activities that will close the gap between the Bank and the leading digital banks in the sector with the projects that will increase customer acquisition and experience, and on the other hand, in order to make the Bank a pioneer in the sector, fintech cooperation projects are carried out to provide profitability and cost advantages in order to adapt the developments in the digital world to the banking sector quickly.

#### **Improvement, Simplification and Optimization of Internal Processes:**

Thanks to the improvement and simplification of the internal processes of the Bank by using new technologies effectively and efficiently, and the realization of better service levels (SLA, OLA) than the sector average, Albaraka Türk implements projects that will increase the efficiency of its resources and provide cost optimization.

#### **Development of Competencies, Capabilities and Infrastructure:**

In order to provide customers with the best products and services through the latest technologies, projects are carried out to strengthen the Bank's capabilities and infrastructure in a way that will make the Bank more agile and ready for the future.

#### **Sustainable Growth/Profitability and Effective Risk Management:**

In order to ensure sustainable growth and profitability, projects that will improve the control environment with effective risk management projects, reduce banking risks and cyber risks, and increase the Bank's compliance with the legislation are carried out.

**Projects that are critical for target customers and that will enable the development of innovative products, the improvement of existing products and their presentation through digital channels are carried out in order to increase customer acquisition and customer experience.**

## ASSESSMENT OF OUR ACTIVITIES IN 2020

**The hardware and related software in the IT infrastructure of Albaraka Türk were completely renewed in 2020 and designed and installed on a scale that will allow achieving the next five-year targets.**



The projects conducted within the scope of digital transformation for infrastructure development and product enrichment have been largely completed. To ensure the sustainability of digital transformation, the Bank continues to work on projects that will increase customer acquisition and the presentation and sales of digital products/services to customers, taking into account the strategic priorities of the Bank and especially the expectations of customers after the pandemic.

The technology infrastructure required for big data analytics has been set up. Much artificial intelligence supported analytical models have been planned on this infrastructure. Artificial intelligence models have been developed and put into use in subjects such as text analytics, complaint management, and abandonment paths. Artificial intelligence algorithms to be used together with big data analytics will be the most important decision support systems of the Bank. While the processes that are robotized using RPA are increasing day by day in the Bank, the smart document classification solution is also popularized by eliminating its deficiencies. Digital confirmation mechanism has been completed in terms of instruction processing and it is aimed to process the customer instructions quickly without any mistakes.

API banking efforts are ongoing to establish a financial ecosystem, which is one of the important goals of the Bank. Improvements for the current API portal are ongoing. In terms of API portal development in the banking sector, it is seen that Albaraka Türk is among the top ranks.

In line with the Bank's agile product development strategies, "continuous product development and delivery" is aimed by expanding the micro-service-based mobile framework infrastructure and switching to micro-service architecture in every possible field. The transition to HTML5, which aims to make the banking system more flexible and user-friendly, has been completed and an important step has been taken in this direction.

The hardware and related software in the IT infrastructure of the Bank were completely renewed in 2020 and designed and installed on a scale that will allow achieving the next five-year targets. The renewal process, which is carried out without any interruption in banking services, has taken its place as a success story in the sector.

In terms of product and service development, the outstanding projects completed in 2020 are as follows:

- With the completion of the 1<sup>st</sup> phase of the Card and POS Project, all credit card transactions were brought in, supplier dependency was reduced, and the infrastructure for providing faster and better quality service was established.
- Digital banking infrastructure has been strengthened thanks to projects that aim to enable customers to access the Bank's services without going to the branch. With the Web Customer Creation Project, it was made possible to become a customer without going to the branch; with the Financing at the Dealer Project, it was enabled to use funds without going to the branch; and with the Insurance Sales and IPS Transactions from Digital Channels Projects, customers were allowed to access these services from their homes.
- The integration of Semosis Notes Payment System and Cash Simple Projects, which are innovative financial technology projects of the Bank, was completed and activated. In addition, the Notaries Union Secure Payment System integration, Oyak Investment and TEFAS integration have been completed and put into service. With the completion of the E-Hypothec Project, the hypothec process was moved to the electronic environment.
- Digital Allocation Project, which has an important place in terms of improving the internal processes of the Bank, has been completed, making the allocation process faster and more efficient, and the speed of the fund extending process has been increased by completing the XML integration of the Participation Banks Invoice Center.

Other projects focused on digital transformation by Albaraka Türk Business Excellence and Innovation Directorate in the 2020 activity period are as follows:

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

Dashboards have been created and implemented in order to monitor all operational contact points of Albaraka Türk directly or indirectly to the customer on a daily basis. 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 by means of 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 947 performance indicators and 315 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 approximately 40% 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. In this context, an average of 32% (max. 80%) improvement was achieved in the processes which were improved.

**Dynamic Flow:** With Today's and Future's Technology Low Code method, the processes that do not progress systematically in the Bank (e-mail, in-house correspondence, telephone) are transferred to the system in a fast way, and it is ensured that the processes are systematically monitored, blocked points can be detected, easily accessible and reported. Thus, with approximately 350 processes that were transferred to the system in a short time and followed up, transaction times were reduced by 250%.

**Workforce Management:** Aiming to maximize capacity utilization and eliminate workload imbalances by centralizing the works, the workforce management practice enables the management of works by grouping processes and people according to their skills over the system. An increase in the speed and quality of the works is ensured by;

- Performing the right jobs by the right persons,
- Rapid use of additional resources during busy periods,
- Providing instant measurement of capacity utilization rates.

**Organizational Changes:** New products, legislation, demands and intense changes in business processes require taking fast actions to ensure customer satisfaction. The Ombudsman function has been established to quickly identify these change needs and prevent gray areas. The Ombudsman is a structure that provides solutions by collecting regular feedback from employees through the in-house communication platform and coordinating the relevant teams that evaluate them.

## ASSESSMENT OF OUR ACTIVITIES IN 2020

**Albaraka Türk has established many new affiliates in recent years in order to support and enrich the opportunities and intellectual knowledge required for digital transformation.**

The Project Management Office was restructured in such a way to be supported by competent and experienced project managers in order to conduct digital transformation efforts with a more effective and strong organization. Thanks to the strengthened project management organization, it is aimed to;

- Provide more effective support to the realization of the Bank's strategic goals,
- Increase coordination and cooperation between business units,
- Ensure that IT resources are allocated to more efficient projects and
- Present an effective management process for the senior management to make project investments in the right fields.

A new Directorate named Digital Branch Management was established with the vision of becoming a digital bank that will develop the Bank's remote interaction model with new communication channels created with new technologies, especially the call center, to solve their needs by providing one-to-one communication with customers without a branch, and that will not only provide support but also sales and consultancy services.

A new business line called Digital Channels and Payment Systems was established to work with an end-to-end agile methodology, and Digital Channels and Payment Systems Development Directorate, Payment Systems Operations Directorate and Digital Branch Management Directorate were affiliated here.

The Arbitration and Business Excellence Directorate business line was established and the Ombudsman, Process Management and Organizational Development functions were affiliated to it.

The Foreign Customers Fund Management Function was established in order to manage funds and assets with an approach that aims to increase the satisfaction and loyalty of qualified foreign customers residing abroad or at home, implement policies determined for foreign private customers in line with the Bank's goals, promote private banking products and services effectively and efficiently, and maximize the added value by bringing private customers to the Bank by increasing the variety of products offered.

### **Albaraka Tech Global**

The Bank has established many new affiliates in recent years in order to support and enrich the opportunities and intellectual knowledge required for digital transformation. It has always been the priority of the Bank to provide the necessary software and hardware infrastructure to achieve its strategic goals. Efforts are ongoing to establish the necessary infrastructure and skill set for this. In this regard, priority fields of focus have been determined as artificial intelligence analytics, open banking infrastructure, microservice architecture and mobility.

AlbarakaTech Global, which was established to create the necessary skill set for these goals, to benefit from the R&D ecosystem and to productize the produced technological output, started its activities in Teknopark Istanbul campus with 218 staff as of December 1, 2020. IT software development functions have been transferred to AlbarakaTech Global for this purpose. The primary goal of AlbarakaTech Global is to provide technologies that will enable Albaraka Türk to achieve its strategic goals and to serve the banks within the Albaraka Banking Group and other institutions in the sector in the future.



### insha Ventures

insha Ventures was established to research, evaluate, test and implement technologies and applications that will bring innovative solutions to the financial needs of customers through financial technologies.

insha Ventures was established in August 2020 as an affiliate of Albaraka Türk to develop financial technologies. insha Ventures, which incorporates many fintechns, offers innovative solutions for the sector.

insha, the first Islamic digital banking service of Europe within insha Ventures, is built on the infrastructure of solarisBank AG, a financial technology company that has obtained the necessary approvals and licenses from the German Central Bank Bundesbank. It was launched as a platform banking service to provide participation banking services in Europe with a modular structure using the banking license of solarisBank. With this service, it is aimed to bring a socio-financial solution for Muslims and Turkish citizens in Europe. It includes applications that offer the experience of becoming a customer in just eight minutes in the digital environment without going to a branch, and that touch the lives of users, not just for financial needs. 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.

Continuing its efforts in 2020, insha reached more than 40 thousand users. insha application has been completely renewed. InLoyal, the loyalty program that provides discounts, cashback and smart offers to its customers in different stores, inBox, which is the marketplace for the products and services of other fintech companies serving in tax, insurance, payment, investment and other fields, and inGold, where they can trade physical gold and other precious metals, have been the products that joined the insha family.

Insha, currently serving only in Germany, is planned to complete its technical and legal implementation in 2021 and operate in France, Austria, Belgium and the Netherlands.

Alneo, another important brand within insha Ventures, is an application that can be used with credit cards of 21 different banks and receives payments in various ways such as QR Code, SMS, e-mail, and credit card viewing. The application reached nearly 20 thousand customers and a transaction volume of more than 200 million in 2020.

Alneo, which generates an innovative and seamless solution for the POS world, where fintechns try to get the most share from the banking world, has become one of the first artificial intelligence-supported easy and fast payment platforms of Turkey. Alneo consists of an application that will serve as a safe box at the shopkeepers and the other will act as a wallet that the customer can use if s/he desires. In addition to removing materials such as physical POS devices and rolls, it also offers installment opportunities for all debit and credit cards.

Reaching 17 thousand commercial customers with this technology, Alneo both enabled new customer acquisition and made Albaraka's POS structure more free. At the same time, 85 thousand transactions were carried out and a total financial volume of TL 225 million was achieved.

insha Ventures also includes brands that will soon be in our lives such as NakitBasit, which can meet the cash needs in places such as markets and fuel stations, SEMOSIS, which will carry the notes transactions to an online environment, Kozmos, a subscription fee and management solution, KimlikBasit, a remote customer acquisition service, and PosBasit, a virtual POS service.

**insha Ventures was established in August 2020 as an affiliate of Albaraka Türk to develop financial technologies. insha Ventures, which incorporates many fintechns, offers innovative solutions for the sector.**



## 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 upper limit of the registered capital of the Bank is TL 2,500,000,000, divided into 2,500,000,000 (two billion five-hundred million) registered nominal shares with a value of TL 1 each.
- (3) The permission for the registered capital ceiling that was granted by the Capital Markets Board is valid for the period of 2017-2021 (five years). Even if the permitted registered capital ceiling has not been reached as of the end of 2021, in order for the Board of Directors to adopt a resolution regarding a capital increase after 2021, it is mandatory to obtain permission from the Capital Markets Board for the ceiling that was previously permitted or for a new ceiling amount, and to receive authorization from the General Assembly for a new time period, which shall not exceed five years. In the event of failure to obtain the said authorization, the Bank shall be deemed to have exited the registered capital system.
- (4) The Bank's issued share capital is TL 900,000,000, and this amount has been fully paid in cash being free of collusion.
- (5) The shares representing the capital shall be tracked on the basis of the records within the framework of the principles of dematerialization.

### 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 upper limit of the registered capital of the Bank is TL 2,500,000,000, divided into 2,500,000,000 (two billion five-hundred million) registered nominal shares with a value of TL 1 each.
- (3) The permission for the registered capital ceiling that was granted by the Capital Markets Board is valid for the period of 2017-2021 (five years). Even if the permitted registered capital ceiling has not been reached as of the end of 2021, in order for the Board of Directors to adopt a resolution regarding a capital increase after 2021, it is mandatory to obtain permission from the Capital Markets Board for the ceiling that was previously permitted or for a new ceiling amount, and to receive authorization from the General Assembly for a new time period, which shall not exceed five years. In the event of failure to obtain the said authorization, the Bank shall be deemed to have exited the registered capital system.
- (4) The Bank's issued share capital is TL 1,350,000,000, and this amount has been fully paid in cash being free of collusion.
- (5) The shares representing the capital shall be tracked on the basis of the records within the framework of the principles of dematerialization.

## BOARD OF DIRECTORS' RESOLUTIONS

**SESSION NR.** : 2209  
**DATE** : February 16, 2021

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

### RESOLUTION:

It has been DECIDED that in line with the Banking Regulation and Supervision Agency's letter (dd. 21.10.2020, nr. 10163), allocation of the profit made in the year 2020 as indicated below shall be submitted to the Annual General Assembly of Shareholders:

Profit of the Year	TL 254,737,279.55
Profit of Previous Year	TL 0.00
Profit on Balance-Sheet	TL 254,737,279.55
First Tier Reserve (-)	TL 12,736,863.98
Distributable Net Profit of the Year	TL 242,000,415.57
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 11,661,044.13
Augmenting to Extraordinary Reserve	TL 230,339,371.44

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

**Adnan Ahmed Yusuf ABDULMALEK**  
**Chairman**

**Süleyman KALKAN**  
**Vice Chairman**

**Ibrahim Fayez Humaid ALSHAMSI**  
**Board Member**

**Kemal VAROL**  
**Board Member**

**Mohamed Ali CHATTI**  
**Board Member**

**Mustafa BÜYÜKABACI**  
**Board Member**

**Housseem BEN HAJ AMOR**  
**Board Member**

**Mehmet Ali GÖKCE**  
**Board Member**

**Melikşah UTKU**  
**Board Member and General Manager**

# ANNUAL REPORT COMPLIANCE OPINION



Güney Bağımsız Denetim ve SMMM A.Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27  
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(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.

### 1) 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 2020-31 December 2020.

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.

### 2) 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.

### 3) 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 5, 2021 and February 18, 2021 on the full set consolidated and unconsolidated financial statements of the Group and the Bank for the period of 1 January 2020-31 December 2020.

### 4) 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.

### 5) 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  
Partner

March 9, 2021  
İstanbul, Türkiye





Innovation  
Branding  
Solutions  
Marketing  
Analysis  
Ideas  
Success  
Management

Brand  
Solutions  
Marketing  
Analysis  
Ideas  
Success  
Management

## SUSTAINABILITY ORGANIZATION

# SUSTAINABLE STEPS FOR A BETTER FUTURE

Sustainability and Social Responsibility is a theme at the core of Islam, which teaches people benevolence and kindness. Operating in light of Islamic principles, Al Baraka Banking Group is driven by this fundamental understanding and observes social responsibility across all its business processes.

Successfully implementing its sustainability approach in all components of its organizational structure, Albaraka Türk continues to strengthen important steps day by day, such as becoming the first participation bank to be included in the Istanbul Stock Exchange (BIST) Sustainability Index, and obtaining one of the highest ranks in the banking sector with its activities under the Carbon Disclosure Project (CDP) and tries to do its best for sustainable success in a sustainable future.

Sustainability and Social Responsibility Principles of Albaraka Türk are as follows:

- Sustainability and Social Responsibility activities are conducted in the target areas such as education, healthcare, environment, vulnerable groups and culture, and in collaboration with persons, institutions, or NGOs operating in these fields.
- In selecting the persons, institutions, or NGOs for collaboration in Sustainability and Social Responsibility efforts, interest-free finance and participation banking principles, as well as Albaraka Türk's vision, mission and ethical principles are taken into consideration.
- Carbon Disclosure Project (CDP), BIST Sustainability Index, and LEED Green Building Certification efforts are undertaken as part of sustainability activities.
- The Bank conducts efforts in relation to Governance, Environment, Human Rights, Anti-Corruption and Anti-Bribery, Management of Emergencies and Unexpected Incidents, Occupational Health and Safety, Business Continuity Management, and Banking Activities, which are identified as the Bank's strategic areas for sustainability.
- The Bank supports the social responsibility activities of the Social Responsibility Club founded by employees.
- While extending cash and non-cash loans, the Bank prioritizes projects that will create new employment opportunities and contribute to the easy access of all members of society to quality education and healthcare services.
- Best practices in sustainability and social responsibility around the world are monitored to enable the Bank to implement social responsibility projects that comply with its core values and ethical principles and contribute to economic development.
- Activities are carried out in priority areas of the Bank to help preserve our cultural assets and achieve UN Sustainable Development Goals.

Donation and Aid Principles are also a reflection of the sustainability approach:

- Interest-free finance and participation banking principles, Albaraka Türk's vision, mission, ethical rules, and annual budget allowances are taken into account when the persons, institutions, or NGOs for donations and contributions are determined by the Senior Management's decision.
- Albaraka Türk provides in-cash and in-kind donations and contributions to the socially-responsible persons, institutions, or NGOs with activities in the fields of healthcare, education, environment, vulnerable groups, culture, etc. in accordance with the framework specified in the Banking Law No. 5411.

- Donations and contributions are provided by considering the laws and regulations the Bank is subject to.
- According to Article 59 of Banking Law No. 5411, "The amount of donations to be extended by banks and institutions subject to consolidated supervision in a fiscal year shall not exceed four per thousand of the bank's equity. However, a minimum of half of the donations and contributions shall be composed of donations and contributions that may be considered as an expenditure or deductible costs in the calculation of the corporate tax base. The principles and procedures applicable to the implementation of this provision shall be set by the Board."
- According to Principle numbered 1.3.10 under the CMB's Corporate Governance Communique No. II-17.1, "a policy regarding donations and contributions shall be formed and submitted to the approval of the general assembly. Information regarding the amounts and beneficiaries of all donations and contributions made within the term in line with the policy approved by the general assembly and the amendments in the policy shall be provided to the shareholders through a separate agenda item at the general assembly meeting."
- Shareholders are provided with detailed information on the donations and contributions made by the Bank at the first Ordinary General Assembly Meeting of the relevant year. The compliance and effectiveness of the Bank's practices and activities in relation to donations and contributions with the provisions of applicable laws and this policy is subject to regular audits and assessments as part of internal audit activities.

#### **Activities are Conducted Under the Leadership of the Board of Directors**

Sustainability practices at Albaraka Türk are carried out under the leadership of the Board of Directors. The Sustainability Committee and the Sustainability Executive Committee, which operate under Albaraka Türk's Board of Directors, are among the most important committees of the Bank.



Other bodies within the Bank that play a role in sustainability activities are as follows:

- Sustainability Committee (Board of Directors Committee)
- Corporate Governance Committee (Board of Directors Committee)
- Sustainability Executive Committee (Executive Committee)
- Strategic Planning and Economic Research Directorate (Sustainability and KSS Activities Coordination)
- Administrative Affairs and Procurement Directorate (Environmental Management Services)
- Communication and Brand Management Directorate (Sponsorship and Communication)
- Investor Relations Directorate (Corporate Governance Activities)
- Other Related Directorates of the Bank (Other Necessary Activities)

**Sustainability practices at Albaraka Türk are carried out under the leadership of the Board of Directors. The Sustainability Committee and Sustainability Executive Committee report to the Board of Directors and figure among the most important committees at Albaraka Türk.**

## HUMAN RESOURCES INVESTMENTS

# EXPERT HUMAN VALUES

Albaraka Türk's Human Values Policy is designed to employ, improve and retain well-trained and skilled people with the qualifications and expertise required at the national as well as international level. This way, the Policy aims to help Albaraka Türk achieve and uphold – in the most effective, rapid, reliable and efficient manner – its purpose, vision, mission and corporate values.

The Human Values Policy is formulated and laid down by the Head Office. The Assistant General Manager in charge of Human Values is primarily responsible for implementing, developing and following up the Human Values Policy. This responsibility is also applicable for all relevant managers within their areas of responsibility.

The core principles of Albaraka Türk's Human Values Policy include:

- Respecting the personality of employees, and protecting their rights arising from employment;
- To ensure sharing of the corporate culture, create loyalty to the corporate values and culture and ensure that all personnel come together to meet the common targets,
- To employ personnel in the required and adequate number, proper for the job, having intellectual, professional knowledge and skills and ensure that personnel are working in line with the highest productivity and profitability target,
- To provide occupational training, improvement and development opportunities to the entire personnel in line with the work to be performed,
- To provide an environment for the personnel which shall lead them to innovative thinking and encourage them to produce new ideas and products,
- To show efforts for training personnel within the bank for management and officer positions and give priority to the trained personnel within the bank with respect to the assignment for the vacant positions,
- To inform the personnel on the subjects relevant to them, develop communication procedures and principles for the conveyance of their opinions and ideas to the managers easily,
- To create a working environment increasing the working motivation of the personnel and show efforts to improve their social relations,
- To encourage personnel to achieve success, develop practices in this regard, award outstanding success of the personnel.

**Albaraka Türk was deemed worthy of a total of four awards, one of which is silver and three of which are bronze, by Brandon Hall Group within the scope of its applications in the field of human assets in 2020, and the Gold Stevie award for its digital education technology “Virtual Classroom Application” in the “Stevie Awards for Great Employers” award program.**



#### Albaraka Türk's Human Values Profile

Title	Total Staff	Average Age	University Graduation Rate	ABAT Seniority	Business Beginners 2020	Newly Recruited 2020	Male Employee	Female Employee	Retired Employee	Disabled Employee	English (TOEFL)	Other Foreign Languages
Senior Management	10	50.0	100%	17.7	-	1	10	-	4	-	-	-
Unit/Regional Manager	49	43.4	100%	14.3	1	18	47	2	-	-	-	-
Branch Manager	230	42.3	99.1%	14.4	-	26	230	-	-	-	-	-
Manager	1,080	38.8	98.8%	11.5	4	109	1,041	39	5	9	27	5
Director/Specialist	1,288	33.7	98.4%	7.5	29	247	1,019	269	4	30	47	15
Assistant Specialist/ Authorized	463	29.6	91.4%	3.9	106	100	331	132	1	34	9	56
Auxiliary Personnel	14	44.1	7.1%	15.3	1	1	14	-	2	-	-	1
Safety	256	36.8	20.3%	8.9	4	44	254	2	-	-	-	1
<b>Total</b>	<b>3,390</b>	<b>35.8</b>	<b>91%</b>	<b>9.0</b>	<b>145</b>	<b>546</b>	<b>2,946</b>	<b>444</b>	<b>16</b>	<b>73</b>	<b>83</b>	<b>78</b>

Total Staff	3,390
Average Age	35.8
Average Seniority:	9.0 Years
Labor Turnover	9.1%
Female Employee Rate	13.1%
Male Employee Rate	86.9%
High School	8.6%
Higher Education and Above	91.4%

#### Meritocratic Remuneration Policy

Albaraka Türk takes a meritocratic approach to set its Remuneration Policy. The Bank formulates its Remuneration Policy in accordance with the following principles:

- The Wage Management System should reflect the Bank's corporate culture, mission and structure.
- The Remuneration Policy should be designed by considering the Bank's budget and solvency.
- Rewarding practices should be fair and based on equal opportunity.

## HUMAN RESOURCES INVESTMENTS

**Employee suggestions are also heard on the “Discover” and “Orbit” platforms set up at Albaraka Türk. Employees who originate successful solutions are rewarded as part of these efforts.**

- The Policy should be open and transparent and support and follow up the performance system.
- The Remuneration Policy should encourage and support Bank staff in their career goals.
- Remuneration plans should be made in a manner to prevent exposure to extreme market risk; the general approach to remuneration should not contradict the Bank’s market risk strategy.
- The remuneration process should be aligned with the Bank’s risk appetite, risk capacity, financial objectives and long-term strategies. In particular, the Bank should seek a balance between risk and reward in setting the Remuneration Policy.
- The Bank’s remuneration and performance criteria should not lead to steep rises in the level of counterparty credit risk or exposure to extreme risks.
- The Remuneration Policy should not be closely linked with the Bank’s short-term profitability.
- The Policy should be commensurate with the Bank’s long-term financial standing and capital adequacy and prevent conflicts of interest.
- The Board of Directors is in charge of approving, regularly reviewing, and supervising the implementation of the Remuneration Policy.

### **Applications Crowned with Awards**

Owing to its sustainable and successful performance to the value it places on human capital, Albaraka Türk does not discriminate against employees based on language, religion, or gender. As an equal opportunity employer providing continuous development opportunities to its staff, Albaraka Türk was awarded the “Best Employer” certificate in the category of “Companies with over 2,000 Employees” as part of the Recognition Program organized by Great Place to Work Institute to identify Turkey’s best employers. Albaraka Türk aims to further invest in human capital – the Bank’s most valuable asset – by further internalizing the core principle of equal opportunity in the upcoming years.

Albaraka Türk was deemed worthy of a total of four awards, one of which is silver and three of which are bronze, by Brandon Hall Group within the scope of its applications in the field of human assets in 2020, and the Gold Stevie award for its digital education technology “Virtual Classroom Application” in the “Stevie Awards for Great Employers” award program.

Within the scope of the 2020 award program organized by “Brandon Hall Group,” one of the leading research and analysis companies of the world, Albaraka Türk was awarded a silver award with the “Game at Work Application” it has implemented in the field of human assets for the children of its employees, the bronze award for its flexible fringe benefits application “Showcase (Vitrin),” the bronze award for talent management with high potential development, and finally the bronze award for workforce management with performance evaluation.

Albaraka Human Resources was also entitled to receive the Gold Stevie Award in the category of “Education Technologies Applications” with its digital education technology “Virtual Classroom Application” in the “Stevie Awards for Great Employers” 2020 award program, which is among the most prestigious awards of the business world, as it

carried out education and development activities without interruption during the pandemic.

### **Employee Experience**

Albaraka Türk listens to its employees with its Employee Experience activities and organizes its processes in line with the feedback it received.

Corporate mobile, e-mail, Skype, Microsoft Kaizala, WhatsApp via GSM lines and social media are among the communication channels used to receive opinions and suggestions of the staff.

In addition, the “Employee Mentality” event is organized for staff members who have completed their first six months at the Bank. The Employees’ Committee convenes every year where personnel can convey their requests via representatives elected by them. The annual Performance Assessment Process enables Bank staff to provide their feedback.

Employee suggestions are also heard on the “Discover” and “Orbit” platforms set up at Albaraka Türk. Employees who originate successful solutions are rewarded as part of these efforts.

In 2020, the scope of Employee Experience activities expanded, the employee life cycle was established and the feelings and thoughts of the employees regarding each stage were started to be asked regularly. The Alterna platform, which was also used during the demo process, continued to be used, and all surveys were prepared on Alterna.

In the last quarter of the year, the printed version and the digital version of the Quit Form received via e-mail were removed, the process was added to the Employee Experience and started to be sent to our employees who quit the job under the name of “Quit Survey.” Within the scope of Employee Experience, feelings, thoughts and suggestions were collected from 238 candidates interviewed during the year regarding their interview experience, from 34 newly recruited employees regarding their orientation experience, from 97 employees regarding

their appointment/rotation experience, from 397 employees who participated in the assistant specialist, specialist and operations management certification exams regarding their promotion certification process experience, from 20 employees who participated in assessment process regarding their assessment center work experience, and from 16 employees who quitted the job regarding their quitting experience. The feedbacks were communicated to the relevant Human Resources Directorate services and the Training and Career Management Directorate services.

An Employee Experience survey was conducted throughout the institution in order to learn the feelings and thoughts of employees during the period when we quickly moved home due to the pandemic, and the results were shared with senior management. During the implementation phase of the Voluntary Remote Work Project, an Employee Experience survey was carried out in the Headquarters, the project was prepared by taking into account the feedback and suggestions and submitted to the senior management.

Employee Experience sub and upper committees were established in 2020. The sub-committee consists of Assistant Human Resources and Administrative Affairs General Manager, Human Resources Manager, Training and Career Manager, Administrative Affairs Manager, Assistant Communication and Brand Management Manager, Process Management and Organizational Development Service Manager, Customer Experience and CRM Service Manager, and Human Resources employees who conduct Employee Experience activities.

The upper committee consists of the General Manager, Assistant General Manager, Managers, and the Employee Experience team. With these committees, it is aimed to establish a network where all Directorates and Services that carry out activities that touch people can talk about the feedback received from employees and take decisions together. In this regard, the first sub-committee meeting was held in December 2020.

The Employee Experience sub-committee will convene once a month, and the upper committee will convene when deemed necessary. With the support of the Committee, the scope of Employee Experience activities will expand and the number of our regular surveys will increase. Surveys are also planned for other contact points in addition to the employee life cycle.

#### **Change Council**

A Change Council was established in order to evaluate the requests of the employees. Change Council will evaluate the requests of our employees in the council consisting of our employees in order to strengthen the common working culture by intensifying its activities. In addition, regular online council meetings will be held and feedback on the agenda will continue to be received.

#### **There is More...**

Within the scope of the Employer's Brand "There Is More," online branch visits are made to establish a business culture. These visits, which strengthen the common culture of the employees, will continue in the upcoming period. With the Masters on the Field application, the transfer of experience and culture to the new generation of Albaraka employees will be continued.

Within the framework of the growth strategy of the Bank, efforts are continuing to be the most preferred bank in the sector with its valuable employees who are open to change and innovation and to maintain this position continuously.

The face-to-face interview application was completely removed due to the pandemic, and all interviews began to be held over the Microsoft Teams application, which started to be used in 2019.

In order to increase interaction with university students, a "Recruitment Simulation" was conducted with students within the scope of an activity organized by İŞKUR and activities of a university

**Within the framework of the growth strategy of the Bank, efforts are continuing to be the most preferred bank in the sector with its valuable employees who are open to change and innovation and to maintain this position continuously.**

association, and feedbacks were given. They were performed face-to-face before the pandemic and online after the pandemic. Employment was performed through interactions in these events.

Contracts with contracted recruitment portals were renewed, and the role-play studies prepared for the online assessment application, which the company, the recruitment module of which is used, opened for pre-assessment for a while in the last two months of the year, started to be examined in terms of their suitability for internal use.

#### **An Orientation Coach for Each Employee**

Orientation activities, which started to be implemented in the last quarter of 2019, have also been continued by expanding their scope. An orientation coach was assigned to each newly hired employee, and an orientation booklet containing up-to-date information about the general structure and facilities of the Institution was prepared. First of all, the booklet given by hand was transferred to the digital environment and sent to the newly recruited employees.

## HUMAN RESOURCES INVESTMENTS

**Digitalization efforts have enabled uninterrupted training activities, especially in pandemic conditions. Employees participated in the trainings remotely through live virtual classrooms, and occupational health was maintained at the maximum level.**

A Welcome Box is given to new employees. Benchmarks and researches have been carried out to revise the Welcome Box in 2020. The products to be removed from the box were determined, and a cost study was carried out with Administrative Affairs for the products to be added.

### Training Activities

Digitalization efforts have enabled uninterrupted training activities, especially in pandemic conditions. Employees participated in the trainings remotely through live virtual classrooms, and occupational health was maintained at the maximum level. Thus, a positive contribution was made to the employees' comfort, work-family balance and employee satisfaction. The average of the training satisfaction surveys in 2020 was 85%.

In 2020, employees received a total of 153,810 hours of training, 42.04 hours per person. Approximately 90% of these trainings were held in the digital environment.

The prominent trainings given in 2020 are as follows:

- A "Teller Operations Development Program" was organized in order to turn the "Rotational Work (Working from Home)" periods of Branch Operations Service staff into training opportunities.
- A "Digital Allocation" training program was held for Corporate, Commercial, SME and Retail Sales Service staff working in branches and all Branch Managers for the use of the updated allocation screens.
- An "Optimum Process Program" training was organized to determine the business processes managed by the units of the bank and critical success factors, to draw up the processes and to conduct and follow up the processes from a single point.
- A "Micro Allocation Processes" training was held in order to increase the awareness of the staff working in the Retail Sales Service about the issues to be considered while preparing the credit file and the Bank's allocation processes.
- "Foreign Trade" training programs were organized for the sales staff of the branches affiliated to the South Anatolian Regional Directorate and Central Anatolia Regional Directorate in order to promote and market foreign trade products and to reduce errors during the operational processes.
- Within the scope of the Union Trainings, Bank personnel participated in the training programs organized by the Participation Banks Association of Turkey (TKBB), the Banks Association of Turkey (TBB) and the Interbank Card Center (BKM).
- Within the scope of the "Communiqué on Compliance with the Principles and Standards of Interest-Free Banking" published by the BRSA, the "Interest-Free Banking Standards Compliance Certification" program was organized in partnership with the Participation Banks Association of Turkey and Marmara University, Institute of Islamic Economics and Finance.
- "Training of Trainer" and "Effective Presentation Techniques" training programs were carried out in order to transfer the experience, knowledge and practices gained in the Bank to the staff in line with the Bank's culture and working principles, to expand the internal trainer staff and to focus on internal resources in training programs.
- Training programs, which must be held in accordance with the legislation, continued in 2020. "Information Security," "Occupational Health and Safety," "Prevention of Laundering of Crime Revenues and the Financing of Terrorism," "Basic First Aid," "In-Service Delivery" and "Security Officer Identity Renewal" programs were carried out.
- Training programs such as "Business Analysis," "ITIL Foundation," "Secure Software" "Agile Foundations and Leadership" "Analyst: Data Science," "KOBIL" and "Unit Test" were organized and employees especially in the Information Technologies business family were ensured to be aware of technical issues.

### Certificates

The Bank attaches importance to provide employees with certificates through institutions, universities and training companies in order to increase the competencies of its employees.

In this context, within the scope of the Professional Competence Certificates Application Instruction, the certificate costs of the employees who are entitled to receive nationally and internationally valid certificate types (CISA, CICS, CIA, ACAMS, CFE, SMMM, etc.) continued to be paid by the Bank in order to support the continuous development of the professional and personal competencies of the employees.



### Compulsory Certificates as per Legislation:

Certificate	Total Staff
Capital Market Licensing (SPL)	761
Private Pension Licensing (BES)	1,115
Technical Staff Competence (SEGEM)	1,734
Basic First Aid	330

### Other External Certificates:

- 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)
- Certified Public Accountant Certificate (SMMM)
- Strategic Procurement and Negotiation Management Certificate
- Certified Internal Control Professional (CICP)
- Natural Gas Heating and Gas Burner Service Personnel (Level 4)
- Corporate Communication Certificate
- Logistics and Supply Chain Management Certificate
- Certified Fraud Examiner Certificate (CFE)
- Certified Anti-Money Laundering Specialist (CAMS)
- Certified Information Security Manager Certificate (CISM)
- Foreign Trade Certificate
- Certificate for Control Self-Assessment (CCSA)
- Professional Scrum Manager - Level I (PSM I)
- Certified Data Analyst ACDA
- Cisco Certified Network Associate (CCNA)

### Manager Development Trainings

#### Branch Manager Development Program:

“Branch Manager Development” training programs were held for the personnel to be included in the Branch Manager candidate pool. A total of 75 employees participated in the programs planned in three groups in 2020. This training program was carried out over the Virtual (Live) Class during the pandemic.

#### Management Workshop:

“Management Workshop” program was organized in order to support the competencies, which are open to improvement, of the personnel who are getting prepared for the “Service Manager” function in the Headquarters units. 27 personnel attended the programs held in two groups and 304 hours of training was provided.

#### Service Manager Development Program:

The “Service Manager Development Program,” another program planned for employees getting prepared for the “Manager” function in 2020, was a development journey that lasted two months. During this journey, preparatory assignments and reading books were primarily suggested to “Manager” candidates. After that, five-day Virtual (Live) Classroom training programs, consisting of “Team Coaching,” “Problem Solving,” “Management in the Digital Age” and “Motivation,” were carried out. The development journey, which was given time for book and film recommendations and project assignments, was successfully completed with Virtual (Live) Classroom trainings that lasted five days.

### Education Aid Applications

**Postgraduate Education Aid:** Education aid payments were made to 44 personnel who graduated from postgraduate programs in 2020 in order to encourage the professional and personal development of the employees.

**Management Workshop” program was organized in order to support the competencies, which are open to improvement, of the personnel who are getting prepared for the “Service Manager” function in the Headquarters units.**

**Foreign Language Education Aid:** Within the scope of the Application Instruction on Foreign Language Education, five personnel who wanted to improve their knowledge and skills in the professional field were provided with classroom education support and 100 personnel were provided with online English education support.

### Educational Technologies

**Virtual Class:** 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. In the Stevie Awards for Great Employers award program where the practices of the world’s leading employers take place, the Bank received the Gold Stevie Award in the category of “Best Training Technology Applications” thanks to the “Virtual Classroom Application” on the Albaraka Academy digital training platform, since the training and development activities during the pandemic process are carried out 24/7 without interruption.

## HUMAN RESOURCES INVESTMENTS

**The documents uploaded to the Digital Library, where training documents are stored online to be accessed from any location at any time, were downloaded 30,243 times in total as of end-2020.**

**Graphics Tablet:** Five graphics tablets were purchased to increase the efficiency of the trainings during the virtual classroom trainings of the Bank. In this way, the virtual classroom whiteboard application has been used more effectively by internal and external trainers.

**International Orientation Programs:** In 2020, International Orientation Programs were carried out within the scope of training activities. Under the International Orientation Programs, participants from international banks and institutions who are visiting Albaraka Türk are given 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. In this context, 81 participants in total, including 17 participants in 2020, participated in the International Orientation program.

**e.Mobile application:** In 2020, Albaraka Academy launched its e.Mobile application, with a design compatible with mobile browsers. As a result, the app can be accessed from everywhere and training sessions can be viewed 24/7 in the fastest manner. E.Mobile application has been implemented in Albaraka Academy in order to support learning more closely anytime and anywhere with its new interface specially designed for mobile devices. 30,322 log-ins were made to the Albaraka Academy platform

in 2020 via mobile devices. Thanks to Albaraka Academy's "e.Mobile" app, personnel can continue their personal development and learn on the road, on the service bus, at home – in short, anywhere.

**Master's and Doctorate Theses:** The "Thesis" section on the main page of the Albaraka Academy is for all Bank employees to share their knowledge with other staff members via a common platform. In this section, Master's/ Doctorate theses written by employees who are graduates of Master and Doctorate programs are published. There are 67 theses in total in Albaraka Academy in 2020.

**Online Certification Exams:** In 2020, 828 employees attended the in-house online certification exams throughout the Bank, including 333 for the Operations Management Certification Exam and 495 for the Basic/Advanced Participation Banking Certification Exam.

**Albaraka Academy TV:** Educational technologies (videos) are used as a teaching tool with Albaraka Academy TV. Albaraka Academy TV, which was established to improve the knowledge, attitude and behavior of the employees, is based on the principle of sharing information in mutual interaction.

**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 30,243 times in total as of end-2020.

### Performance Management

Performance evaluation activities Performance evaluations of branch employees are made through numerical data. The share of numerical data in performance evaluation in addition to the manager's evaluation increases objectivity and thus the loyalty and trust of the employees to the Bank increases. In this context, with the Compass screen developed to measure the performance

of branch operations employees over the system and monitor their performances instantly, the Bank won an award in the field of Workforce Management with Performance Evaluation in the program organized by Brandon Hall Group in 2020.

Performance measurement studies with numerical data started to be implemented with branch staff continued with Headquarters staff. As a first step, a screen was developed to measure and instantly monitor the performance of the employees in Headquarters Operations, Allocation and Call Center units with numerical data.

In the Performance Management System, the Three Dimensional Performance Evaluation, which is the version of the 360 Degree Performance Evaluation System adapted to the Bank, is applied besides the manager's employee evaluation (competency evaluation) and evaluation with numerical data. With the 3D Evaluation, the employee is enabled to express his/her opinions about both his/her first manager and second manager. Business relationship evaluation forms help teams that are in business relations with each other to evaluate the service they receive and develop constructive suggestions. Power BI screens were prepared and opened to all Headquarters Unit Managers to follow the evaluation results.

Managers were trained in order to spread the culture of providing feedback and increase awareness in the Bank, and before performance evaluations, information e-mails were sent to the managers who will make evaluations, stating the importance of feedback. At the end of the 2020 performance period, a feedback survey was assigned to all employees who have been evaluated for performance in order to see the rate at which managers give feedback to their employees and to raise awareness. The survey results were submitted to the senior management with the Power BI report.

## Career Planning

**Online Mentorship Project:** Mentorship projects, which were carried out in previous years, continued in 2020. With the 2020 Mentor Albaraka Project, it is aimed for experienced Branch Managers (mentors) to share their professional knowledge and experience with new Branch Managers (mentees). The project, which started with face-to-face meetings with the participation of 34 mentors and 37 mentees, continued online within the scope of Covid-19 measures and was successfully completed. In order to disseminate knowledge and experience in the bank, another mentorship project initiated for Service Manager candidates continues with the participation of 19 mentors from senior managers and 19 mentees who are Manager Candidates.

**Career Desk Platform:** In 2020, 244 questions were sent to HR business family units and answered through the Career Desk, which was launched as a Career and Talent Management Service Project in 2019. Career Desk offers benefits such as being a new channel in accessibility, acting with the principle of confidentiality, answering questions within the framework of transparency, being a brand new information platform, and having access to frequently asked questions by everyone.

**Promotion Processes:** Promotion processes for 2020 have been completed within the scheduled calendar. All promotion certification trainings and exams were carried out online, complying with the pandemic conditions at the highest level.

**Digital Assessment Center Applications:** With the Assessment Center applications, the development points of the candidates can be observed objectively and necessary actions can be taken. In 2020, Assessment Center applications continued online.

## Manager Candidate Pool Activities:

The Bank attaches importance to and invests in its internal dynamics. In this context, managers who will take the Bank to the future are raised by the Bank as a result of meticulous evaluations. In 2020, Manager Candidate Pool activities continued in performance, potential and development-oriented manner. In 2020, 11 Unit Managers and 34 Branch Managers were appointed from the Manager Candidate Pool. Winning the Brandon Hall Excellence award in the field of Talent Management with the "Manager Development Program" within the scope of the Manager Candidate Pool activities crowned the success in this field.

**Operations Manager Pool:** There are 115 employees in the Operations Manager Pool as of the end of 2020. In 2020, 15 Specialists were appointed from the Pool as Operations Managers, and 17 Operations Managers were promoted as the Second Level Operations Managers.

## Quality and Digital Technologies

**Access and Authorization:** The principle of segregation of duties is observed in defining the screens and authorizations that the Bank employees will need while carrying out their activities. Operational efficiency is maximized with robotics activities combined with digitalization and artificial intelligence. With the improvements in 2020, access and authorization requests were started to be made on mobile platforms. Artificial intelligence applications used in the authorization process were awarded the Gold medal in the Excellence in Technology Awards category in the competition organized by Brandon Hall Group.

**Quality Management System:** The quality journey, which started in 2004 with the philosophy of "Write What You Do, Do What You Write" and continues with the "Transform the Excellence Culture into a Lifestyle" approach, has been implemented for 17 years and increases its effectiveness day by day with the introduction of new

**With the 2020 Mentor Albaraka Project, it is aimed for experienced Branch Managers (mentors) to share their professional knowledge and experience with new Branch Managers (mentees).**

management standards. Bank processes are regularly inspected every year through internal and external inspection methods, and their compliance with Quality Management System Standards is analyzed. The External Audit Process, which was carried out online for the first time in 2020, was successfully completed and it was decided that the ISO 9001:2015 Quality Management System certificate will continue to be valid.

**Document Management System:** Within the scope of Document Management in the Bank, the employees can access the documents they need while performing their transactions on the digital platform. Documents updated, newly published, or suspended on the platform are shared periodically with the entire Bank in the form of electronic bulletins.

## Robotic Process Automation Activities:

Robotic Process Automation (RPA) is the name of a journey initiated by the Bank to create value in areas such as Digital Culture Transformation and Internal Customer Experience, as well as gains in cost, speed, digital workforce and error reduction. RPA is based on the integration of software that automates complex and rule-based tasks that do not require decision-making in any application, as a human does, into the processes. In this regard, a total of 10 transactions under two main headings were integrated into the Robotic Automation Process in 2020.

## OCCUPATIONAL HEALTH AND SAFETY

# ALWAYS A TOP PRIORITY: EMPLOYEE HEALTH AND SAFETY

Albaraka Türk is committed to fully complying with all applicable laws, rules and regulations in occupational health and safety. The Bank introduced new practices to safeguard the health and safety of employees at the Head Office in Istanbul and all branch locations.

Occupational Health and Safety activities are carried out by the OHS Board in Albaraka Türk. The Bank's OHS Board carries out activities for:

- Identifying required health and safety conditions, measures and tools that should be in place at Albaraka Türk to prevent any diseases or bodily injuries that may be caused by devices, equipment, machinery, raw materials, and the like used in the workplace.
- Adopting, implementing and checking the necessary tools and safety measures to prevent occupational accidents at Albaraka Türk; notifying employees of their responsibility to comply with principles and conditions stipulated for this purpose; and instructing employees on necessary health and safety measures.
- Preventing occupational accidents and illnesses through continuous enforcement of the provisions of applicable regulations.

### First Bank with Covid-19 Security Certificate

Albaraka Türk attaches great importance to the health of its employees and society at all times and under all conditions. From this point of view, a series of procedures have been implemented in the Headquarters, from protection and control measures to hygiene conditions, and from security measures to communication in challenging situations, in order to prevent all problems that may arise due to pandemics in 2020.

Thanks to the efforts that made a difference in all these areas, it became the first bank that received the Covid-19 Safe Service Certificate in our country as a result of the audit performed by the Turkish Standards Institute.

The recommendations and notifications of official institutions and the Ministry of Health regarding the pandemic are constantly followed and all measures have been taken in this regard.

Informative posters and videos-pictures of official and authorized institutions are shared throughout the Headquarters building regarding the pandemic. The current risk analysis has been revised by making a risk assessment regarding Covid-19 and epidemic diseases. Corrective and preventive actions have been taken.

In addition to the measures against the pandemic, the following activities were carried out in 2020 for Headquarters and all branches, separately for each location in line with the framework of the Occupational Health and Safety Law No. 6331:

- Preparing risk analyses,
- Preparing emergency plan,
- Setting up emergency crews,
- Drafting floor plans,
- Conducting evacuation drills



**Albaraka Türk has been the first bank in our country that receives the Covid-19 Safe Service Certificate of the Turkish Standards Institute, thanks to its efforts that make a difference to prevent all problems that may arise due to the pandemic.**

As part of the Occupational Health and Safety activities of the 16 branches opened in the fiscal year 2020, 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.

#### Emergency Activities

The following activities were carried out in 2020 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 the 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.

- 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.

#### Occupational Health and Safety Trainings

Albaraka Türk also provides trainings for all its employees within the scope of occupational health and safety. The trainings provided are as follows:

- Occupational health and safety trainings at least every three years as specified in the legislation,
- Refresher training through distance education method for the first time in Turkey within the scope of Occupational Health and Safety renewal,
- Onboarding for new hires,
- Trainings about emergencies and course of action in emergencies,

- Trainings for fire response teams on fire and fire response methods,
- Trainings for emergency teams on their duties and responsibilities in case of an emergency,
- First aid training for our employees in the number specified in the legislation,
- Trainings for groups that require special policies in business life (disabled, women, pregnant, breastfeeding, young, children, elderly), covering the difficulties they may encounter in business life and their legal rights and responsibilities,
- Trainings for the occupational health and safety board and risk assessment teams on their duties and responsibilities specified in the legislation.

#### Key Occupational Health and Safety Indicators (Head Office)

Occupational Accidents:	1
Working Days Lost:	70
Accident Frequency Rate:	0.34%

## ENVIRONMENTAL INVESTMENTS

# ADDING VALUE TO THE ENVIRONMENT AND NATURE

Albaraka Türk works jointly with its stakeholders to develop human-centric and environmentally-friendly projects that support economic and global development for a more inhabitable world under its Sustainable Banking Program. With this approach, the Bank strives to achieve UN Sustainable Development Goals for 2030 and lead the drive for sustainable development among participation banks. Generating value for urban living spaces, Albaraka Türk also aims to certify its efforts to minimize the Bank's impact on the environment. To this end, Albaraka Türk plans to assume a more active role on global platforms to boost its reputation in this key area.

Albaraka Türk shapes its business activities in line with its vision of "Becoming the World's Best Participation Bank." The Bank conducts environmental sustainability activities according to ISO 14001 Environmental Management Systems. Albaraka Türk is aware that its products and services are in constant interaction with the environment. Therefore, the Bank strives to minimize the environmental impact of this interaction and contribute to the fight against climate change.

Incorporating a sustainable approach in all aspects of its corporate culture, Albaraka Türk is a pioneer of environmental sustainability among participation banks. The Bank moves steadily forward to achieve its sustainability goals. Albaraka Türk conducts and participates in a wide range of sustainability initiatives, including the Borsa Istanbul (BIST) Sustainability Index, Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), and Zero Waste Project.

### **First Participation Bank Included in the BIST Sustainability Index**

Adopting a multidimensional approach to sustainability, Albaraka Türk ranked among Turkey's leading companies subject to the assessment of the BIST Sustainability Index in 2019. Albaraka Türk became the first participation bank included in this index on November 1, 2019. Albaraka Türk was included in the Istanbul Stock Exchange Sustainability Index for the second time in 2020 and repeated its title as the first and only participation bank included in this index.

### **LEED GOLD Green Building Certification for the Head Office Building**

Constructed by Albaraka Türk in the light of the latest technological developments, the Headquarters Building is the first LEED GOLD certified Bank Headquarters Building in Turkey. Albaraka Türk Headquarters Building, which was entitled to obtain this certificate within the scope of the works started in 2016, has been granted this certificate by considering the criteria such as carbon footprint, water and energy efficiency, environmental consciousness of the materials and resources used, internal environment quality and innovation.

### **Active Participation in Carbon Disclosure Project (CDP)**

Carbon Disclosure Project (CDP) is recognized as the world's most comprehensive and prestigious environmental project. CDP 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” score in 2017 and 2018 under CDP. The Bank, which received a B Rating in 2019 within the scope of the Carbon Disclosure Project (CDP), received an A Rating in 2020, one of the highest scores.

The practices implemented within the scope of the Carbon Disclosure Project (CDP) are as follows:

- **Service Vehicles:** Service vehicles have been replaced by vehicles with reduced exhaust emissions. Electric cars have been put into use at the Head Office.
- **Use of Refrigerating Gas:** The amount of refrigerating gas used in the equipment at the Head Office building remained within GWP and ODP values.
- **Solar Window Film:** Use of air conditioners has been reduced and greenhouse gas emissions dropped thanks to the solar window films placed on the facade of the Head Office building.
- **Insulation:** Energy efficiency has remained a priority for the Head Office building and insulation has been determined to be above minimum standards.
- **Energy Saving:** The operating system of heating and cooling devices has been replaced, resulting in approximately 20% less energy consumption.
- **Fresh Air:** The rates of fresh air circulated inside the Head Office building have been kept above the international level. Air handling units providing fresh air were monitored through the automation system and the rates of fresh air inside the Head Office building were kept under constant control. Smoking was banned in the areas where there is a risk of smoke getting inside the building.
- **Air Conditioning:** The air in the external environment was purified from dust, dirt and poisonous gases by using high-efficiency filters to provide clean air to the Head Office building.

**Albaraka Türk, which has taken important steps to solve many universal problems, especially the climate crisis, carbon emission and water problems, has been the first participation bank included in the BIST Sustainability Index.**

## ENVIRONMENTAL INVESTMENTS

**Albaraka Türk is an active participant in the Zero Waste Project launched by the Ministry of Environment and Urban Planning. The Bank has undertaken a wide range of efforts to further boost its performance in prevention/reduction, reuse and procurement.**

- **Energy Saving:** Timers of the light sensors in the Head Office offices have been re-adjusted, resulting in approximately 6% less energy consumption. The operating system of the garden lights has been changed, leading to approximately 50% less energy consumption.
- **Transport:** Personnel shuttles are used for transport to the Head Office building. Shared personnel shuttles helped reduce CO<sub>2</sub> emissions and protect nature.
- **Lighting Systems:** High-efficiency lighting fixtures are used in the Head Office building. Fluorescent bulbs used in lighting fixtures are selected from among low-mercury models. The Head Office building has a design that enables maximum daylight utilization. In this way, it is aimed to reduce the energy spent on lighting and to increase the positive effects of daylight on the people working indoors.

- **Water:** In the Head Office, water-saving apparatus were installed in the lavatory faucets, helping reduce water consumption by around 20%. Water efficiency was achieved by adopting drip irrigation systems and sprinkler systems in green areas. Treated artesian water was used in lavatories and for the purposes of irrigation in the green areas of the Head Office. Wastewater used in the lavatories was treated as part of the Gray Water Project and reused in the reservoirs.
- Detailed analyses were performed in the fields of paper consumption, fuel consumption, aircraft usage mileage, annual activity reports, annual financial statements, investor presentations, corporate risk management reports, project finance and corporate finance portfolio information, generator fuel information (diesel/lt), electricity consumption (kWh) information, air conditioning gas usage data (kg), and heating data (fuel oil, coal, etc.).

Albaraka Türk aims to expand its CDP efforts, progress with SBTs (Science Based Targets) and assign scientific targets by calculating the entire climate load of the Bank. In addition, Albaraka Türk, which started preparations to implement the recommendations of TCFD (Task Force on Climate-Related Financial Disclosure), aims to make arrangements to reflect the climate risks of the Bank's financials. It is foreseen that these efforts, which are currently carried out voluntarily, will be compulsory for all the institutions in the future. In this regard, Albaraka Türk aims to be a pioneer in the sector with these voluntary efforts.

### Brandon Hall Bronze Award

The Bank received a bronze award in the Environmental Management Systems and Corporate Sustainability Principles part of Brandon Hall awards, which it participated for the first time within the scope of sustainability projects such as the Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), and Zero Waste Project carried out by the Bank.

### Zero Waste Project

Albaraka Türk is an active participant in the Zero Waste Project launched by the Ministry of Environment and Urban Planning. The Bank has undertaken a wide range of efforts to further boost its performance in prevention/reduction, reuse and procurement. In 2019, the Bank implemented the following Zero Waste related projects:

- By reprogramming the photocopiers, unnecessary printouts that were sent to the printer and forgotten to be taken or sent again were prevented, and the duplex printing option was set as default on devices.
- Waste papers are delivered to companies assigned by the municipalities.
- Water-saving apparatus, which provides the same effect with less water consumption by increasing the pressure of the water, were installed on the sink faucets in the Headquarters building.
- The vehicle tracking system was installed in the vehicles which are used by branches for marketing and vehicle usage was tracked in detail.
- The exterior of the Headquarters building was covered with solar film. In this way, the sunbeams coming to the building are prevented and the cooling systems are operated less frequently.



- To prevent waste batteries from mixing with the natural environment, the Bank separates and collects batteries at the Headquarters building.
- The cardboard boxes used in the transportation works of the Headquarters building are used approximately 15 times, and the cardboard boxes that have completed their economic lives are delivered to the recycling facilities of the municipalities.
- Periodic maintenance of tools, equipment and fixtures is carried out regularly and therefore our equipment can be used for a long time.
- Artesian water and gray water are used instead of mains water in the toilets, washbasins, pools and garden irrigation and cleaning works of the Headquarters building.

Thanks to successfully executing its digital transformation drive, Albaraka Türk significantly reduced its paper consumption and contributed to the Zero Waste Project in 2020.

#### Albaraka Türk's Carbon Footprint

Year	Scope 1 (tCO <sub>2e</sub> )	Scope 2 (tCO <sub>2e</sub> )	Scope 3 (tCO <sub>2e</sub> )	Scope (1 & 2) (tCO <sub>2e</sub> )	Total
2020	3,844.99	7,964.88	2,901.06	10,865.94	14,710.93
2019	3,922.06	7,410.19	2,901.12	11,332.25	14,233.37
2018	3,546.69	7,618.11	2,339.02	11,164.80	13,503.82
2017	5,198.40	7,564.60	2,143.90	12,763.00	14,906.90

#### Total Electricity Consumption (joule)

2020	16,193 MW
2019	16,192 MW
2018	15,503 MW
2017	15,366 MW



**Thanks to successfully executing its digital transformation drive, Albaraka Türk significantly reduced its paper consumption and contributed to the Zero Waste Project in 2020.**

## SOCIAL INVESTMENTS

# SOCIALLY RESPONSIBLE BANKING APPROACH

Albaraka Türk Katılım Bankası A.Ş. With the vision of “Being the Best Participation Bank in the World,” it has initiated the Sustainable Banking Program under the leadership of its main partner Albaraka Banking Group (ABG). Within the scope of the program, Albaraka Türk aims to be a pioneering financial institution that is sensitive to humans and the environment, supports economic and global development and works together with all its stakeholders for a sustainable world with the support of its employees.

The Bank supports the Sustainable Development Goals of the United Nations Development Program (UNDP) and carries out its activities in this regard.

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

- Sustainability and Social Responsibility activities are conducted in the target areas such as education, healthcare, environment, vulnerable groups and culture, and in collaboration with persons, institutions, or NGOs operating in these fields.
- In selecting the persons, institutions, or NGOs for collaboration in Sustainability and Social Responsibility efforts, interest-free finance and participation banking principles, as well as Albaraka Türk’s vision, mission and ethical principles are taken into consideration.
- Carbon Disclosure Project (CDP), BIST Sustainability Index, and LEED Green Building Certification efforts are undertaken as part of sustainability activities.
- The Bank conducts efforts in relation to Governance, Environment, Human Rights, Anti-Corruption and Anti-Bribery, Management of Emergencies and Unexpected Incidents, Occupational Health and Safety, Business Continuity Management, and Banking Activities, which are identified as the Bank’s strategic areas for sustainability.
- The Bank supports the social responsibility activities of the Social Responsibility Club founded by employees.
- While extending cash and non-cash loans, the Bank prioritizes projects that will create new employment opportunities and contribute to the easy access of all members of society to quality education and healthcare services.
- Best practices in sustainability and social responsibility around the world are monitored to enable the Bank to implement social responsibility projects that comply with its core values and ethical principles and contribute to economic development.
- Activities are carried out in priority areas of the Bank to help preserve our cultural assets and achieve UN Sustainable Development Goals.

Sustainable Banking Program initiated under the leadership of Albaraka Banking Group (ABG) is managed by the Sustainability Committee under the Board of Directors and the Sustainability Executive Committee under the Headquarters.



Corporate social responsibility activities are carried out within the scope of the Sustainable Banking Program, and an approach that is in line with the Bank's vision and mission, observing the corporate identity and understanding, and adding value to the values of our country by working to find solutions to social issues is adopted within the framework of the BRSA, CMB and relevant legislation.

Albaraka Türk is aware of the fact that the activities it performs and the products and services it offers with the vision of "Being the Best Participation Bank in the World" interact with the environment and aims to minimize the effects of this interaction on climate change. Albaraka Türk, a pioneer in the field of interest-free banking, aims to be among the important actors of the sector by assuming a leading role in struggling with climate change.

Some of the corporate social responsibility activities carried out by Albaraka Türk in 2020 are as follows:

**Bereket Foundation Scholarship**

**Support:** Bereket Foundation provided scholarships to 1,892 students in total in 2020, consisting of 1,807 undergraduate and 85 doctorate students.

**Distance Education Tablet Support:**

Tablet support was provided for students who are educated through distance education and in need of tablets.

**Gaza Islamic University PC Laboratory:**

A PC laboratory was established at the Gaza Islamic University for the use of visually impaired students.

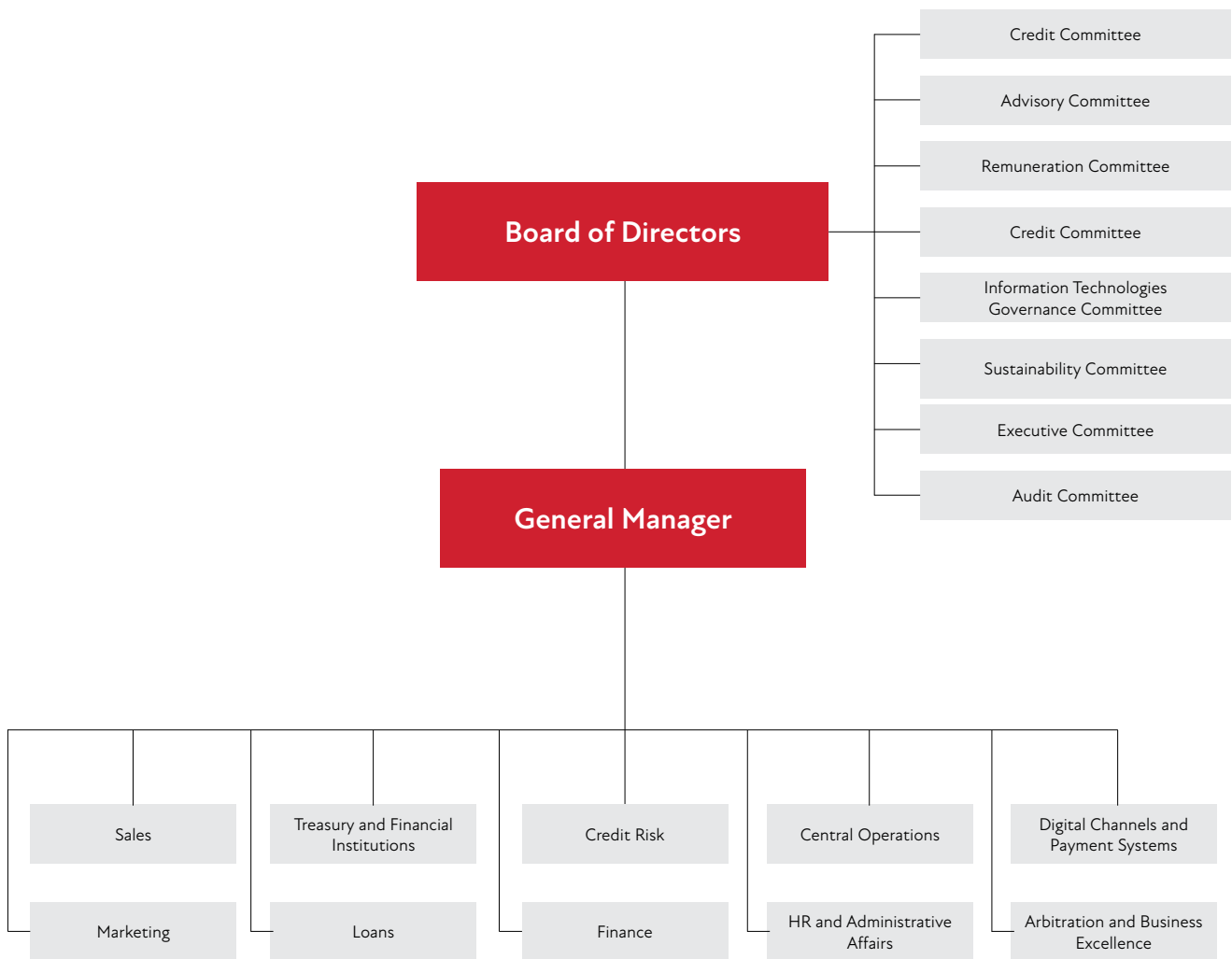
**Health Supports:** Financial supports were provided for the health problems of persons in need.

**Sapling Planting:** 4,605 saplings were planted on behalf of the Bank employees as part of struggling with forest fires.

**National Solidarity Campaign:** After the mobilization announced by the Presidency, TL 5 million support was provided for the campaign.

**Albaraka Türk fulfills its social responsibilities while contributing to the real economy in line with its sustainable banking approach.**

## ORGANIZATIONAL CHART



### Changes to the Organizational Structure

Mr. Nevzat Bayraktar, one of the Assistant General Managers of our Bank, resigned on 14.02.2020 (today).

On 03.07.2020, it was decided to appoint Hasan ALTUNDAĞ as Assistant General Manager Responsible for Sales, which is currently vacant, and Mehmet Fatih YORULMAZ as Assistant General Manager Responsible for Marketing instead of his position, which will be vacated,

- To separate the Call Center, which is currently structured as a service under the Payment Systems Operations Directorate, and establish it as Call Center Management,
- To organize the Call Center Directorate, the Digital Channels and Payment Systems Development Directorate and the Payment Systems Operations Directorate, which are under the Marketing business line, under a separate business line that will operate directly under the General Manager and the name of which will be determined by the Headquarters,
- To establish the Ombudsman organization that will operate directly under the General Manager, and authorize the Headquarters in detailing the job description of this organization and organizing the services that will operate under the Ombudsman,
- To establish a new directorate called the Strategic Planning and Economic Research Directorate by merging the Strategic Planning Directorate and the Chief Economist's Office, that will operate directly under the General Manager,
- To establish a new directorate called Administrative Affairs and Procurement Directorate by merging the Construction and Real Estate Directorate and the Administrative Affairs Directorate, that will continue to operate under the business line of the two directorates mentioned above;

- To affiliate the Investment Projects Directorate to the Chief Assistant General Manager responsible for Credit Risks,
- To organize the Information Security Service to operate directly under the General Manager,
- To close the Black Sea Regional Directorate, to establish the Marmara Regional Directorate instead of it, and to determine the distribution of branches among regional directorates by the Headquarters.

On 08.07.2020, it was decided to appoint Ms. Yasemin Aydın, our Bank's Digital Channels and Payment Systems Development Manager, as the Director responsible for Digital Channels and Payment Systems Development Directorate, Payment Systems Operations Directorate and Call Center Directorate, and Mr. Mehmet Uludağ, Commercial and SME Sales Manager, as the Director responsible for the Ombudsman organization.

On 24.07.2020, it was decided to amend the name of the Sustainability and Social Responsibility Committee as "Sustainability Committee."

Within the scope of the decisions taken by the Board of Directors of our Bank on 23.10.2020, it was decided to amend the name of the business line of the Ombudsman as "Arbitration and Business Excellence," amend the name of the "Call Center Directorate" as "Digital Branch Management Directorate," determine the name of the business line to which Digital Channels and Payment Systems Development Directorate, Payment Systems Operations Directorate and Digital Branch Management Directorate is affiliated as "Digital Channels and Payment Systems," amend the name of the "Finance and Strategy" business line as "Finance," and reflect the amendments on the organizational chart.

Due to the death of Prof. Dr. Ahmed Mohieldin Ahmed HASSAN, for whom an application was made to be appointed as a Member of the Advisory Committee of our Bank on 23.10.2020, to appoint Assoc. Prof. Dr. Necmettin KIZILKAYA as the Member of the Advisory Board and to submit this membership to the approval of the first General Assembly, provided that he starts his duty in case a positive response is received for the preliminary permit application made to the Banking Regulation and Supervision Agency or if a negative opinion is not given by the Agency within the period specified in the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking.

Due to the death of Prof. Dr. Abdulsattar Abdulkarim Mohammed ABUGHUDDAH, for whom an application was made to be appointed as a Member of the Advisory Committee of our Bank on 23.10.2020, to appoint Yousef Hassan Y. KHALAWI as the Member of the Advisory Board and to submit this membership to the approval of the first General Assembly, provided that he starts his duty in case a positive response is received for the preliminary permit application made to the Banking Regulation and Supervision Agency (Agency) or if a negative opinion is not given by the Agency within the period specified in the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking.

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

### Board of Directors

Name and Surname	Position	Educational Status	Start Date of Duty	Banking Experience
Adnan Ahmed Yusuf Abdulmalek	Chairman	Master's Degree	2005	47
Süleyman Kalkan	Vice Chairman of the Board and Independent Board Member	Bachelor's Degree	2018	37
İbrahim Fayez Humaid Alshamsi	Board Member	Bachelor's Degree	2005	50
Prof. Dr. Kemal Varol	Board Member	Ph.D.	2013	12
Mustafa Büyükbacı	Board Member	Master's Degree	2017	5
Mehmet Ali Gökce	Independent Board Member	Master's Degree	2020	42
Mohamed Ali Chatti	Executive Board Member	Ph.D.	2020	11
Housseem Ben Haj Amor	Board Member	Bachelor's Degree	2020	16
Tawfig Mufti	Board Member	Bachelor's Degree	2020	28
Ghassan Amodi	Executive Board Member	Bachelor's Degree	2020	27
Melikşah Utku	Board Member and General Manager	Master's Degree	2016	17

### Senior Management

Name and Surname	Position	Educational Status	Start Date of Duty	Banking Experience
Melikşah Utku	Board Member and General Manager	Master's Degree	2016	17
Turgut Simitcioğlu	Deputy General Manager (CMO)	Master's Degree	2017	31
Süleyman Çelik	Assistant General Manager	Bachelor's Degree	2017	32
Fatih Boz	Assistant General Manager	Master's Degree	2017	23
Hasan Altundağ	Assistant General Manager	Bachelor's Degree	2017	34
Malek Khodr Temsah	Assistant General Manager	Master's Degree	2017	18
Mustafa Çetin	Assistant General Manager	Bachelor's Degree	2018	24
Volkan Evcil	Assistant General Manager	Bachelor's Degree	2019	30
Mehmet Fatih Yorulmaz	Assistant General Manager	Master's Degree	2020	7
Mehmet Uludağ	Director	Master's Degree	2020	17
Yasemin Aydın	Director	Master's Degree	2020	25

## COMMITTEES AND COMMITTEE MEETINGS ATTENDANCE

The Board of Directors of Albaraka Türk held 5 meetings in the 2020 operating period.

### 1. Audit Committee

#### a. Purpose

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

#### 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:

Chairman: Mustafa BÜYÜKABACI,  
Board Member  
Member: Dr. Mohamed Ali CHATTI,  
Board Member  
Member: Mehmet Ali GÖKCE,  
Board Member

#### c. Functions of the Committee:

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

#### d. Working Principles of the Committee

- The Audit Committee convenes at least four times a year.
- The Audit Committee discusses issues related to internal control, financial tables, internal audit and other special items on their agenda, by also summoning the representatives of independent audit agencies, if and when needed.
- Committee resolutions are submitted to the Board of Directors for acknowledgment or ratification based on their nature.
- Resolutions of the Audit Committee are registered in the Book of Resolutions as per the related provisions of the Banking Law.

The Audit Committee convened 5 times in 2020.

### 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 to 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:

Chairman: Adnan Ahmed Yusuf Abdulmalek, Chairman  
Member: Süleyman Kalkan, Vice Chairman  
Member: Prof. Dr. Kemal Varol, Executive Board Member  
Member: Melikşah Utku, 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.

## COMMITTEES AND COMMITTEE MEETINGS ATTENDANCE

The Credit Committee convened 94 times in 2020 with the full attendance of all members.

### 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 in accordance with CMB's Corporate Governance Principles.

#### b. Organization of the Committee

The majority of committee members are non-executive Board Members. If deemed necessary, the Committee may assign people specialized in their respective fields to the Committee who are not Board Members.

#### Members of the Corporate Governance Committee:

Chairman: Süleyman Kalkan, Executive Board Member  
Member: İbrahim Fayeze Humaid ALSHAMSI, Board Member  
Member: Mansur Çelepkolu, Investor Relations Manager

#### c. Functions of the Committee:

- Ensuring that the Bank applies the 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 advising the Board on necessary changes that may be introduced in this regard,

- Determining and supervising the approach, principles and practices in relation to performance assessment, career planning and rewarding processes for the Board Members and executives.

#### d. Working Principles of the Committee

The committee convenes at least four times a year with one more than half number of its members and adopts 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 5 times in 2020.

### 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

Chairman: Adnan Ahmed Yusuf Abdulmalek, Chairman  
Member: Mustafa Büyükabacı, Board Member  
Member: Melikşah Utku, 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,
- Guaranteeing a balanced distribution between the interests and rights of senior management, Bank employees and shareholders,
- Ensuring that the members of the Board of Directors of the Bank, senior management and bank employees are rewarded in line with their contribution to the Bank's value creation process.

#### 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 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.

The Remuneration Committee convened four times in 2020. All committee members attended all of the meetings.

### 5. Sustainability 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 two Board Members, namely Mehmet Ali Gökçe, Chairman, and İbrahim Fayeze Humaid Alshamsi. The one who is appointed by the Committee carries out the Reporter and Secretariat duty of the Sustainability Committee. This person is responsible for composing and publishing meeting minutes and reports and coordinating



the committee operations under the guidance of the Sustainability and Social Responsibility Committee. The secretary and reporter members do not have voting right.

### Members of the Sustainability Committee

Chairman: Mehmet Ali Gökce, Board Member

Member: Ibrahim Fayed Humaid Alshamsi, Board Member

#### c. Functions of the Committee:

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

#### 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 issues to be brought to the agenda

of the Sustainability Committee must be discussed by the Sustainability Executive Committee.

Social Responsibility Committee held 2 meetings in 2020 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, more effectively and soundly; 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 and making sure that the urgent issues 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 Chairman and the Deputy Chairman 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 obtain 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.

### Members of the Executive Committee

Chairman: Adnan Ahmed Yusuf Abdulmalek, Chairman

Deputy Chairman: Süleyman Kalkan, Vice Chairman

Member: Mustafa Büyükabacı, Board Member

Member: Mehmet Ali Gökce, Board Member

Member: Prof. Dr. Kemal Varol, Executive Board Member

Member: Melikşah Utku, 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 necessary 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 Incorporation, 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,

## COMMITTEES AND COMMITTEE MEETINGS ATTENDANCE

- To make suggestions for the restructuring of the debts of the Bank's customers, partial or total liquidation thereof and 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 Bank's annual shareholders' equity, To decide on the discharge, settlement, waiver, acceptance and other transactions for the Bank's receivables or payables up to the amount between 2% and 5% of the Bank's annual shareholders' equity, To make proposals for dividends to be distributed to shareholders, premiums and other payments to be made to the employees,
- 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 prior to 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 2 meetings in 2020.

### 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 the best international practices,

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

#### b. Organization of the Committee

The members of the Committee are elected by the Board of Directors. At least three members are elected 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 chairman and the deputy chairman of the Committee are determined by the Board of Directors. The Committee may assign persons who have sufficient knowledge and experience in the field of information technologies with the titles of "supervisor," "advisor" etc., temporarily or permanently in the Committee. The Committee Secretary, who will carry out the secretariat of the Committee, can also be determined by the Committee.

#### Members of the Information Technologies Governance Committee

Chairman: Melikşah Utku, 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 resolution of the Board of Directors as per article 375 of the Turkish Commercial Code and the Bank's internal legislation to the approval of the Board of Directors.
- The Committee may request all kinds of information and documents from the Bank's senior management, provided that the matters fall within the duties and responsibilities of the committee.

**d. Working Principles of the Committee**  
Information Technologies Governance Committee held 4 meetings in 2020.

## 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 chairman, one reporter and two observers.

### Members of the Advisory Committee

Chairman: Prof. Dr. Abdulsattar Abdulkarim Mohommed Abughuddah\*  
Member: Prof. Dr. Ahmed Mohieldin Ahmed Hassan\*\*  
Member: Assoc. Prof. Dr. Necmettin Kızılkaya\*\*\*  
Member: Yousef Hassan Y. Khalawi\*\*\*\*  
Member: Prof. Dr. Hamdi Döndüren

\* His duty ended on November 05, 2020, due to his death.

\*\* His duty ended on September 02, 2020, due to his death.

\*\*\* He was appointed as of September 02, 2020.

\*\*\*\* He was appointed as of November 05, 2020.

### 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 sharing interest-free banking perspectives on issues discussed in such events with bank managers,
- Preparing a summary report on the activities of the Committee, the questions posed to the Committee during the year and the activities and decisions of the Committee and submitting it to the Board of Directors,
- Examining all activities of the bank and documenting the interest-free banking supervision handbook and ensuring that it is approved by the Board of Directors,
- Discussing the issues which the Chairman has opted for examination at the Committee among those issues in the report submitted by the controller to the Chairman and informing the Head Office regarding these issues,
- Approving the interest-free banking principles compliance expectations in the Articles of Incorporation, regulations, forms and policies used by the Bank and also approving the regulations made,
- Approving the standard agreements and contracts in the transactions of the bank with third parties in terms of compliance with interest-free banking principles and taking part in the development and improvement of the mentioned forms when necessary,
- Determining the interest-free banking eligibility requirements for existing and new products of the bank and its subsidiaries 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 Head Office 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 Board held 23 meetings in 2020.

## SUMMARY OF THE BOARD OF DIRECTORS' ANNUAL REPORT

Esteemed Shareholders,

Welcome to the 36<sup>th</sup> 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 2020 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.

2020 was a year of sustainable growth for the banking sector despite the impact of the pandemic, fluctuations in domestic markets due to the volatility in the global economy.

Compared to the last year-end, as of December 31, 2020;  
Total Assets increased by 34.9% to TL 69,316 million,  
Total Collected Funds increased by 29.8% to TL 51,613 million,  
Funded Credits\* increased by 36.4% to TL 40,583 million,  
Shareholders' Equity increased by 5.8% to TL 4,044 million,  
Net Profit realized as TL 255 million.

*\*Includes financial leasing receivables.*

As the Board of Directors, we achieved a sustainable growth in our assets despite the fluctuation we experienced in 2020. In 2020, we will continue our steady growth with the capital increase we have realized with the support of you, our valuable partners.

We hereby submit for your consideration and approval the balance sheet and profit/loss statement contained in our annual report for 2020.

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

TITLE OF THE ORGANIZATION FROM WHICH SUPPORT SERVICE IS PROVIDED	FIELD OF ACTIVITY FOR WHICH SUPPORT SERVICE IS PROVIDED
32BIT BİLGİSAYAR HİZMETLERİ LTD. ŞTİ.	INFORMATION SYSTEMS
360 TREASURY SYSTEMS AG	TRANSACTION PLATFORM
ACERPRO BİLİŞİM ÇÖZÜMLERİ YAZILIM VE DANIŞMANLIK HİZMETLERİ İÇ VE DIŞ TIC.LTD.ŞTİ.	INFORMATION SYSTEMS
ACTIVE BİLGİSAYAR HİZMETLERİ VE TİCARET LTD. ŞTİ.	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
BINSAT KORUMA VE ÖZEL GÜVENLİK HİZMETLERİ TİCARET A.Ş.	PERMANENT AND SUBSTITUTE SECURITY STAFF RECRUITMENT SERVICE THROUGHOUT TURKEY
BİRLEŞİK ÖDEME HİZMETLERİ VE ELEKTRONİK PARA A.Ş.	MONEY TRANSFER
BİZNET BİLİŞİM SİSTEMLERİ VE DANIŞMANLIK SAN. TİC. A.Ş.	INFORMATION SYSTEMS - Provision of BRSA Penetration Test Service
BNTPRO BİLGİ VE İLETİŞİM HİZMETLERİ LTD. ŞTİ.	INFORMATION SYSTEMS
C/S ENFORMASYON TEKNOLOJİLERİ LTD. ŞTİ.	INFORMATION SYSTEMS
C/S ENFORMASYON TEKNOLOJİLERİ LTD. ŞTİ.	INFORMATION SYSTEMS
C/S ENFORMASYON TEKNOLOJİLERİ LTD. ŞTİ.	INFORMATION SYSTEMS
DESMER GÜVENLİK HİZ. TİC. A.Ş.	TRANSPORTATION, CUSTODY, ATM CASH SUPPLY AND MAINTENANCE
ENFORSEC BİLGİ GÜVENLİĞİ YAZILIM BİLİŞİM DANIŞMANLIK LTD. ŞTİ.	INFORMATION SYSTEMS
ENPOS BİLİŞİM SANAYİ VE TİCARET A.Ş.	INFORMATION SYSTEMS - Cash Simple Mobile App Service
FINEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	INFORMATION SYSTEMS
FINEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	INFORMATION SYSTEMS
FU GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.	ATTORNEY FOR TRANSACTIONS AT THE DIRECTORATE OF LAND REGISTRY
GÜZEL SANATLAR ÇEK BASIM LTD. ŞTİ.	CHECK PRINTING CONTRACT
INNOVERA BİLİŞİM TEKNOLOJİLERİ A.Ş.	INFORMATION SYSTEMS
INNOVERA BİLİŞİM TEKNOLOJİLERİ A.Ş.	INFORMATION SYSTEMS
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 LTD. ŞTİ.	INSTANT DEBIT CARD AND CREDIT CARD PRINTING SERVICE
KETS BİLGİSAYAR ELEKTRONİK İLETİŞİM HİZMETLERİ SAN. VE TİC. LTD. ŞTİ.	INFORMATION SYSTEMS
KIBELE İLETİŞİM SİSTEM VE SERİSLERİ TİCARET LTD. ŞTİ.	INFORMATION SYSTEMS
KOBİL BİLGİSAYAR ENERJİ VE ELEKTRİK SİSTEMLERİ SANAYİ TİCARET LTD. ŞTİ.	INFORMATION SYSTEMS
KOBİL BİLGİSAYAR ENERJİ VE ELEKTRİK SİSTEMLERİ SANAYİ TİCARET LTD. ŞTİ.	INFORMATION SYSTEMS
MAPA GLOBAL BİLGİSAYAR YAZILIM DANIŞMANLIK SANAYİ LTD. ŞTİ.	INFORMATION SYSTEMS
MEDYASOFT DANIŞMANLIK VE EĞİTİM A.Ş.	INFORMATION SYSTEMS - Website Building
MOBİL EĞLENCE TELEKOMÜNİKASYON FİLMCİLİK REKLAMCILIK TURİZM YAYINCILIK SAN. VE TİC. LTD.ŞTİ.	INFORMATION SYSTEMS
NADİR METAL RAFİNERİ SANAYİ VE TİCARET A.Ş.	PHYSICAL GOLD COLLECTION
NADİR METAL RAFİNERİ SANAYİ VE TİCARET A.Ş.	PHYSICAL GRAM GOLD AND DELIVERY
NETLAB ULUSLARARASI BİLGİ İŞLEM VE HABERLEŞME HİZM. SAN. VE TİC. A.Ş.	INFORMATION SYSTEMS - Website Building
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
OYAK YATIRIM MENKUL DEĞERLER A.Ş.	MEDIATION TO ORDER COMMUNICATION
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 A.Ş.	CREDIT CARD STATEMENT PRINTING SERVICE
POS PERAKENDE OTOMASYON SİSTEMLERİ TİC. VE SAN. A.Ş.	INFORMATION SYSTEMS - Checkout Integration Service
PROVISION BİLGİ İŞLEM SAN. VE TİC. A.Ş.	INFORMATION SYSTEMS
SİMANTEK BİLGİ İŞLEM SANAYİ VE TİCARET A.Ş.	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 A.Ş.	INFORMATION SYSTEMS
TEPE SAVUNMA VE GÜVENLİK SİSTEMLERİ SANAYİ A.Ş.	PERMANENT AND SUBSTITUTE SECURITY STAFF RECRUITMENT SERVICE THROUGHOUT TURKEY
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
18 COMPANIES (Financing at the Dealer)	SERVICE FOR INFORMATION AND DOCUMENT COLLECTION, CONTRACT SIGNING AND FORWARDING IT TO THE BANK

## TRANSACTIONS WITH THE BANK'S RISK GROUP

As of December 31, 2020 wakala borrowings obtained within the framework of the investment-purpose wakala contracts signed with the risk group that includes the Bank, amount to USD 52,297,028 and EUR 144,469,895 (December 31, 2019: USD 34,002,557 and EUR 65,082,069). The profit share expense relating to these wakala borrowings for the period between January 1, 2020, and December 31, 2020, is TL 9,581 (December 31, 2019: TL 12,346).

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## 1. Statement of Compliance with Corporate Governance Principles

Albaraka Türk Katılım Bankası A.Ş. (“Albaraka Türk” or “Bank”) is subject to the Corporate Governance Principles attached to Corporate Governance Communiqué (“Communiqué”) number II-17.1 published by CMB according to the relevant articles of the Turkish Commercial Code, Banking legislation, Capital Market Board (“CMB”) legislation since 2007 the public offering is made until today. Albaraka Türk is also subject to the management structure, process and principle provisions determined by the “Regulation on the Banks’ Corporate Governance Principles” published by Banking Regulation and Supervision Agency (“BRSA”). Determining its vision as being the Best Participation Bank of the World, Albaraka Türk has adopted the Corporate Governance Principles as the basic corporate value and demonstrated due diligence to comply with the mandatory principles. Besides, it continues its studies for compliance with the principles which are not mandatory.

Within the framework of Corporate Governance Communiqué regulations number II-17.1, the election for the independent member of the Board of Directors is made at the general assembly meeting in 2012. Moreover, in order to comply with the same communiqué and Turkish Commercial Code number 6102, the Articles of Incorporation, of the Bank were reviewed and submitted to the General Assembly of 2012 where it was approved. Updated information of the Bank is offered to the service of all our stakeholders at Albaraka Türk website and Investor Relations tab in the same site.

Within the scope of studies on compliance with the Corporate Governance Principles, the Bank’s Corporate Governance Committee (the “Committee”) responsible for following, evaluating and performing improvement operations for compliance with the relevant principles is established in 2007. The Committee has made studies on improvement of the Bank’s corporate governance implementations at the meeting held in 2020. Information on the activities of the Committee coordinating the studies of the Investor Relations Unit is given in detail in the section entitled “Bank Committees” of the annual report. The Investor Relations Unit continued its activities as a separate unit.

Albaraka Türk has been subjecting to Corporate Governance Rating since 2010. On June 5, 2020, National Investors Derecelendirme A.Ş. determined the Corporate Governance Rating of Albaraka Türk Participation Bank as 9.09. As the note for compliance with CMB Corporate Governance Principles is over the Threshold Point of 7, Albaraka Türk is included in Borsa Istanbul Corporate Governance Index since 2010. Compliance notes that the Bank has received in four main categories are as follows:

Main Issues	Weight (%)	Note
Shareholders	25	9.17
Public Disclosure and Transparency	25	9.40
Stakeholders	15	9.34
Board of Directors	35	8.71

It has been observed that Albaraka Türk is at the level of global standards in the fields of Effective Investor Relations Department and Public Disclosure and Transparency. Social responsibility and ethical values supported by the nature of Participation Banking, supportive working conditions and increasing digitalization stand out as the strengths of Albaraka Türk. Public Disclosure and Transparency practices of Albaraka Türk are in compliance with CMB regulations and BRSA directives. Financial results, annual report and website disclosures are at the level of global applications. Albaraka Türk displays a strong performance in terms of customer relations through its wide branch network and digital platforms. The Board of Directors of the Bank has the majority of non-executive directors in line with the Corporate Governance principles of the CMB. 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.

## STATEMENT OF INDEPENDENCE

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

**As an Independent Member of the Board of Directors, per the Corporate Governance Principles of the Capital Market Board;**

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

- I have not been in the Membership of the Board of Directors of the Bank for more than six years in the last ten years,
- Among myself, my spouse and blood relatives and relatives by marriage up to second-degree; there is no one having employment relation in executive position to undertake significant tasks and responsibilities in the last five years in the bank, at partnerships who have control or significant influence on the management or control of the bank, entities who own the management control of these partnerships or have more than 5% of the capital or voting rights or privileged shares jointly or severally and have not established any significant commercial relation,
- I have not worked as an officer in management position taking on important duties and responsibilities or a member of the Board of Directors or a partner (5% or over) within the last five years at the companies making audit (tax inspection, legal inspection, internal audit are included), rating or consultancy of the Bank or within the framework of the agreements, at the companies the Bank purchases or sells significant amount of services or products or in periods services or products are sold or purchased,
- I have the occupational education, knowledge and experience to duly fulfill the duties I shall undertake for the independent membership of the Board of DirectorsBoard of Directors,
- I do not work full-time at public institutions and organizations, as of the date I am nominated to the Board of Directors and for the duration of my term in case of my election,
- I am considered a resident in Turkey according to the Income Tax Law,
- I have strong ethical standards, occupational reputation and experience to make positive contributions to the activities of the bank, to protect my objectivity in conflicts of interest between the bank stakeholders, and to decide independently considering the rights of the stakeholders,
- I have the time to allocate for bank works to fulfill the requirements of the duties I undertake and follow the functioning of the bank activities,
- I have not served/will not serve as an independent member of the Board of Directors in more than three of the companies under the management control of the Company or the shareholders who control the management of the Company, and in more than five of the companies listed on the stock exchange,
- I have not been registered and announced on behalf of the legal person elected as the Member of the Board of Directors.

and I can fully satisfy the requirements of the duties I assume; and that therefore, I shall fulfil my membership to the Board of Directors, as an Independent Member of the Board of Directors.

Respectfully yours,

**Süleyman Kalkan**

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## STATEMENT OF INDEPENDENCE

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

**As an Independent Member of the Board of Directors, per the Corporate Governance Principles of the Capital Market Board;**

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

- I have not been in the Membership of the Board of Directors of the Bank for more than six years in the last ten years,
- Among myself, my spouse and blood relatives and relatives by marriage up to second-degree; there is no one having employment relation in executive position to undertake significant tasks and responsibilities in the last five years in the bank, at partnerships who have control or significant influence on the management or control of the bank, entities who own the management control of these partnerships or have more than 5% of the capital or voting rights or privileged shares jointly or severally and have not established any significant commercial relation,
- I have not worked as an officer in management position taking on important duties and responsibilities or a member of the Board of Directors or a partner (5% or over) within the last five years at the companies making audit (tax inspection, legal inspection, internal audit are included), rating or consultancy of the Bank or within the framework of the agreements, at the companies the Bank purchases or sells significant amount of services or products or in periods services or products are sold or purchased,
- I have the occupational education, knowledge and experience to duly fulfill the duties I shall undertake for the independent membership of the Board of Directors,
- I do not work full-time at public institutions and organizations, as of the date I am nominated to the Board of Directors and for the duration of my term in case of my election,
- I am considered a resident in Turkey according to the Income Tax Law,
- I have strong ethical standards, occupational reputation and experience to make positive contributions to the activities of the bank, to protect my objectivity in conflicts of interest between the bank stakeholders, and to decide independently considering the rights of the stakeholders,
- I have the time to allocate for bank works to fulfill the requirements of the duties I undertake and follow the functioning of the bank activities,
- I have not served/will not serve as an independent member of the Board of Directors in more than three of the companies under the management control of the Company or the shareholders who control the management of the Company, and in more than five of the companies listed on the stock exchange,
- I have not been registered and announced on behalf of the legal person elected as the Member of the Board of Directors. and I can fully satisfy the requirements of the duties I assume; and that therefore, I shall fulfil my membership to the Board of Directors, as an Independent Member of the Board of Directors.

Respectfully yours,

**Mehmet Ali Gökce**



## STATEMENT OF INDEPENDENCE

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

**As an Independent Member of the Board of Directors, per the Corporate Governance Principles of the Capital Market Board;**

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

- I have not been in the Membership of the Board of Directors of the Bank for more than six years in the last ten years,
- Among myself, my spouse and blood relatives and relatives by marriage up to second-degree; there is no one having employment relation in executive position to undertake significant tasks and responsibilities in the last five years in the bank, at partnerships who have control or significant influence on the management or control of the bank, entities who own the management control of these partnerships or have more than 5% of the capital or voting rights or privileged shares jointly or severally and have not established any significant commercial relation,
- I have not worked as an officer in management position taking on important duties and responsibilities or a member of the Board of Directors or a partner (5% or over) within the last five years at the companies making audit (tax inspection, legal inspection, internal audit are included), rating or consultancy of the Bank or within the framework of the agreements, at the companies the Bank purchases or sells significant amount of services or products or in periods services or products are sold or purchased,
- I have the occupational education, knowledge and experience to duly fulfill the duties I shall undertake for the independent membership of the Board of Directors,
- I do not work full-time at public institutions and organizations, as of the date I am nominated to the Board of Directors and for the duration of my term in case of my election,
- I have strong ethical standards, occupational reputation and experience to make positive contributions to the activities of the bank, to protect my objectivity in conflicts of interest between the bank stakeholders, and to decide independently considering the rights of the stakeholders,
- I have the time to allocate for bank works to fulfill the requirements of the duties I undertake and follow the functioning of the bank activities,
- I have not served/will not serve as an independent member of the Board of Directors in more than three of the companies under the management control of the Company or the shareholders who control the management of the Company, and in more than five of the companies listed on the stock exchange,
- I have not been registered and announced on behalf of the legal person elected as the Member of the Board of Directors. and I can fully satisfy the requirements of the duties I assume; and that therefore, I shall fulfil my membership to the Board of Directors, as an Independent Member of the Board of Directors.

Respectfully yours,

**Ghassan Amodi**

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## STATEMENT OF INDEPENDENCE

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

**As an Independent Member of the Board of Directors, per the Corporate Governance Principles of the Capital Market Board;**

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

- I have not been in the Membership of the Board of Directors of the Bank for more than six years in the last ten years,
- Among myself, my spouse and blood relatives and relatives by marriage up to second-degree; there is no one having employment relation in executive position to undertake significant tasks and responsibilities in the last five years in the bank, at partnerships who have control or significant influence on the management or control of the bank, entities who own the management control of these partnerships or have more than 5% of the capital or voting rights or privileged shares jointly or severally and have not established any significant commercial relation,
- I have not worked as an officer in management position taking on important duties and responsibilities or a member of the Board of Directors or a partner (5% or over) within the last five years at the companies making audit (tax inspection, legal inspection, internal audit are included), rating or consultancy of the Bank or within the framework of the agreements, at the companies the Bank purchases or sells significant amount of services or products or in periods services or products are sold or purchased,
- I have the occupational education, knowledge and experience to duly fulfill the duties I shall undertake for the independent membership of the Board of Directors,
- I do not work full-time at public institutions and organizations, as of the date I am nominated to the Board of Directors and for the duration of my term in case of my election,
- I have strong ethical standards, occupational reputation and experience to make positive contributions to the activities of the bank, to protect my objectivity in conflicts of interest between the bank stakeholders, and to decide independently considering the rights of the stakeholders,
- I have the time to allocate for bank works to fulfill the requirements of the duties I undertake and follow the functioning of the bank activities,
- I have not served/will not serve as an independent member of the Board of Directors in more than three of the companies under the management control of the Company or the shareholders who control the management of the Company, and in more than five of the companies listed on the stock exchange,
- I have not been registered and announced on behalf of the legal person elected as the Member of the Board of Directors. and I can fully satisfy the requirements of the duties I assume; and that therefore, I shall fulfil my membership to the Board of Directors, as an Independent Member of the Board of Directors.

Respectfully yours,

**Mohamed Ali Chatti**

**CRF Corporate Governance Compliance Report**

Corporate Governance Compliance Report	Company Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
<b>1.1. FACILITATION OF EXERCISING SHAREHOLDER RIGHTS</b>						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND EXAMINE INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
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 Shareholders' Meeting.					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 Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.					X	In 2020, no request for attendance at the general assembly was received from the stakeholders and media.
<b>1.4. VOTING RIGHT</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Compliance Report	Company Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
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 Shareholders' 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.
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Incorporation extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.	X					
<b>1.6. DIVIDEND RIGHTS</b>						
1.6.1 - The Dividend Distribution Policy approved by the General Shareholders' Meeting 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 retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The Board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
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, and beneficial owners of 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					

Corporate Governance Compliance Report	Company Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
<b>2.2. ANNUAL REPORT</b>						
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					
<b>3.1. COMPANY POLICY REGARDING STAKEHOLDERS</b>						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides 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 legal and ethical issues.	X					
3.1.5 - The Company addresses conflicts of interest among stakeholders in a balanced manner.	X					
<b>3.2. ENCOURAGING STAKEHOLDERS TO TAKE PART IN THE MANAGEMENT OF THE COMPANY</b>						
3.2.1 - The Articles of Incorporation, 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					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The Company has adopted an employment policy ensuring equal opportunities, and a succession plan 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					

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Compliance Report	Company 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, 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					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1 - The Company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The Company complied 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					
<b>3.5. CODE OF CONDUCT AND SOCIAL RESPONSIBILITY</b>						
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					

Corporate Governance Compliance Report	Company Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that 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 strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. BOARD OF DIRECTORS' PRINCIPLES OF ACTIVITY</b>						
4.2.1 - The Board of Directors documented its meetings and reported its activities 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 framework 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 among shareholders and communicating with shareholders.	X					
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.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Compliance Report	Company Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
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 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					
<b>4.4. THE FORMAT OF BOARD OF DIRECTORS' MEETINGS</b>						
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.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, 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 director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There is no restriction preventing the board members from assuming external duties. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.



Corporate Governance Compliance Report	Company Compliance Status					Description
	Yes	Partial	No	Exempt	Not applicable	
<b>4.5. COMMITTEES ESTABLISHED UNDER THE BOARD OF DIRECTORS</b>						
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 2020.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS OF THE BOARD MEMBERS AND EXECUTIVE DIRECTORS</b>						
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 directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	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 senior management staff is made available in the annual report.

# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

## Corporate Governance Information Form

### Corporate Governance Information Form 2020

#### 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 Information

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

##### 1.3. GENERAL ASSEMBLY

The link of the announcement made in the Public Disclosure Platform (KAP), which includes the information requested under the principle 1.3.1 (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/820144">https://www.kap.org.tr/tr/Bildirim/820144</a>
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 in the Public Disclosure Platform (KAP) related to the transactions carried out with affiliated 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 in 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 <a href="https://www.albaraka.com.tr/surdurulebilirlik/diger-politikalar.aspx">https://www.albaraka.com.tr/surdurulebilirlik/diger-politikalar.aspx</a> .
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/tr/Bildirim/832317">https://www.kap.org.tr/tr/Bildirim/832317</a>
The number of the article in the Articles of Incorporation governing stakeholders' attendance at general assembly	It is governed by Article 33 entitled "General Assembly" of our Bank's Articles of Incorporation.
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 that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None
Share percentage of the biggest shareholder	36.29%

**1.5. Minority Rights**

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the Articles of the Incorporation	No
If yes, specify the relevant provision of the Articles of Incorporation.	None

**1.6. Dividend Right**

The heading of the section of the corporate website of the Company that includes the policy on dividend distribution	It can be found at <a href="https://www.albaraka.com.tr/surdurulebilirlik/diger-politikalar.aspx">https://www.albaraka.com.tr/surdurulebilirlik/diger-politikalar.aspx</a> .
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	-
PDP link to the related general shareholder meeting minutes in case the Board of Directors proposed to the general assembly not to distribute dividends	-

**General Assembly Meeting**

General Assembly Date	26.03.2019
The number of requests for additional information regarding the agenda of the general assembly	0
Percentage of shareholders' attendance at general assembly	61.81%
Percentage of shares directly represented at the meeting	15.40%
Percentage of shares represented by proxy	46.41%
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)	35
The KAP link of the general assembly notification	<a href="https://www.kap.org.tr/tr/Bildirim/832317">https://www.kap.org.tr/tr/Bildirim/832317</a>

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

### 2. PUBLIC DISCLOSURE AND TRANSPARENCY

#### 2.1. Corporate Website

The headings of the sections of the corporate website of the Company that includes 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 name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) Page number or section heading of the annual report which includes the jobs of board members and executives outside the Company, and independence statements of board members	Annual Report 2019 Page: 64-94
b) Page number or section heading of the annual report which includes information on the committees created under the Board of Directors	Annual Report 2019 Page: 96
c) Page number or section heading of the annual report which includes the number of board meetings held throughout the year, and the members' attendance record	Annual Report 2019 Page: 95
d) Page number or section heading of the annual report which includes information on regulatory changes that can have a significant impact on the Company's activities	In 2019, 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 2019 Page: 213
f) Page number or section heading of the annual report which includes 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 2019 Page: 52-56

### 3. STAKEHOLDERS

#### 3.1. Company Policy Concerning the Stakeholders

The heading of the section of the corporate website of the Company that includes the policy on indemnities	Human Resources/Personal Benefits
The number of court decisions against the Company that has become final, which are the result of the violations of employee rights	None
The title of the individual in charge of the whistleblowing programme	Presidency of Inspection
Contact information of the Company's mechanism for reporting of violations	<a href="https://www.albaraka.com.tr/ihbar-hatti.aspx">https://www.albaraka.com.tr/ihbar-hatti.aspx</a> , 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 Management of the Company

The heading of the section of the corporate website of the Company that includes internal regulations on participation of employees to 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 where 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 of the corporate website of the Company that includes the human resources policy on the hiring criteria and providing equal opportunities to candidates, or a summary of the related articles of the policy	It is available at <a href="https://www.albaraka.com.tr/ise-alim-sureci.aspx">https://www.albaraka.com.tr/ise-alim-sureci.aspx</a> . 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.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

<p>The heading of the section of the corporate website of the Company that includes the human resources policy on preventing discrimination and harassment, or a summary of the related articles of the policy</p>	<p>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.</p>
<p>The number of court decisions against the Company that has become final, which are the result of liabilities associated with work accidents</p>	<p>None</p>
<p><b>3.5. Ethical Principles and Social Responsibility</b></p>	
<p>The heading of the section on the corporate website that includes the policy on ethical principles</p>	<p><a href="https://www.albaraka.com.tr/assets/tr/pdf/yatirimci-iliskileri/etik-ilkeler-politikasi.pdf">https://www.albaraka.com.tr/assets/tr/pdf/yatirimci-iliskileri/etik-ilkeler-politikasi.pdf</a></p>
<p>The name of the section on the company website that demonstrates the corporate social responsibility report. If there is not a report on corporate social responsibility, precautions taken with respect to environment, social issues and corporate governance</p>	<p><a href="https://www.albaraka.com.tr/surdurulebilirlik/kurumsal-sosyal-sorumluluk-calismalari.aspx">https://www.albaraka.com.tr/surdurulebilirlik/kurumsal-sosyal-sorumluluk-calismalari.aspx</a></p>
<p>Precautions taken to fight all kinds of corruption, including fraud and bribery</p>	<p>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.</p>

#### 4. BOARD OF DIRECTORS-I

##### 4.2. Fundamentals of Activities of Board of Directors

Date of the last board evaluation conducted	None
Whether the board evaluation 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 duties	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. Deputy Chairman of the Board of Directors Süleyman KALKAN, Member İbrahim Fayez Humaid ALSHAMSI, Member Prof. Dr. Kemal VAROL, Member Mustafa BÜYÜKABACI, Member Mehmet Ali GÖKCE, Member Mohamed Ali CHATTI, Member Housseem BEN HAJ AMOR, Member Tawfig MUFTI, and Member Ghassan AMODI are the Members of the Board and Melikşah UTKU is the General Manager.
The number of reports presented to the Audit 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 2019 Page: 102
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 in the Public Disclosure Platform (KAP), where the reasoning is explained for the chairman of the board and the executive head/general manager being 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 Communique on Corporate Governance Principles and has not been disclosed on KAP.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None
The number and rate 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
Süleyman KALKAN	Non-executive	Independent Member	30.05.2018	<a href="https://www.kap.org.tr/tr/Bildirim/824671">https://www.kap.org.tr/tr/Bildirim/824671</a>	Evaluated	No	Yes
İbrahim Fayeز Humaid ALSHAMSI	Non-executive	Not independent	8.04.2005		-	No	Yes
Prof. Dr. Kemal VAROL	Non-executive	Not independent	29.03.2013		-	No	Yes
Mustafa BÜYÜKABACI	Non-executive	Independent Member	23.03.2017	<a href="https://www.kap.org.tr/tr/Bildirim/824671">https://www.kap.org.tr/tr/Bildirim/824671</a>	Evaluated	No	Yes
Mehmet Ali GÖKCE	Non-executive	Independent Member	26.03.2020	<a href="https://www.kap.org.tr/tr/Bildirim/824671">https://www.kap.org.tr/tr/Bildirim/824671</a>	Evaluated	No	Yes
Mohamed Ali CHATTI	Non-executive	Independent Member	26.03.2020	<a href="https://www.kap.org.tr/tr/Bildirim/824671">https://www.kap.org.tr/tr/Bildirim/824671</a>	Evaluated	No	Yes
Houssez BEN HAJ AMOR	Non-executive	Not independent	26.03.2020		-	No	Yes
Tawfig MUFTI	Non-executive	Not independent	26.03.2020		-	No	Yes
Ghassan AMODI	Non-executive	Independent Member	26.03.2020	<a href="https://www.kap.org.tr/tr/Bildirim/824671">https://www.kap.org.tr/tr/Bildirim/824671</a>	Evaluated	No	Yes
Melikşah UTKU	Executive	Not independent	19.10.2016		-	No	Yes



#### 4. BOARD OF DIRECTORS-II

##### 4.4. Format of the Board of Directors Meetings

Number of physical board meetings in the reporting period (meetings in person)	5
Average attendance rate to the board meetings	90%
Whether the board uses an electronic portal to support its work or not	No
When do the information and documents are presented to board members as per the working rules of the Board of Directors (how many days before the meeting)	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 of the corporate website of the Company that includes information on internal regulations of the Company which specify the rules for board meetings	Investor Relations/2020 Corporate Governance Principles Compliance Report.
The limitation specified in the policy for the board members for having other jobs 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 Created under the Board of Directors

Page number or section heading of the annual report which include information on the committees of the Board of Directors	Annual Report 2019 Page: 95-97
The link of the announcement made on KAP that includes the principles of activity for committees	<a href="https://www.kap.org.tr/tr/Bildirim/824671">https://www.kap.org.tr/tr/Bildirim/824671</a> Working principles and responsibilities of the committees are described in the Annual Report.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

<b>Committees of the Board of Directors-I</b>				
<b>Names of Board Committees</b>	<b>Name of the Committee Designated as "Other" in the first column</b>	<b>Name/Surname of Committee Members</b>	<b>Committee Chair</b>	<b>Board Member</b>
Audit Committee		Mustafa BÜYÜKABACI	Yes	Board Member
Audit Committee		Mohamed Ali CHATTI	No	Board Member
Audit Committee		Mehmet Ali GÖKCE	No	Board Member
Corporate Governance Committee		Süleyman KALKAN	Yes	Board Member
Corporate Governance Committee		Ibrahim Fayez Humaid ALSHAMSI	No	Board Member
Corporate Governance Committee		Mansur ÇELEPKOLU	No	Not a Board Member
Remuneration Committee		Adnan Ahmed Yusuf ABDULMALEK	Yes	Board Member
Remuneration Committee		Mustafa BÜYÜKABACI	No	Board Member
Remuneration Committee		Melikşah UTKU	No	Board Member
Other	Credit Committee	Adnan Ahmed Yusuf ABDULMALEK	Yes	Board Member
Other	Credit Committee	Süleyman KALKAN	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 Created under the Board of Directors-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report 2019 Page: 75
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Annual Report 2019 Page: 76
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The Corporate Governance Committee performs the duties of the Nomination Committee. Annual Report 2019 Page: 76
Specify where the activities of the early risk detection committee are presented in your annual report or website (Page number or section name in the annual report/website)	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 website (Page number or section name in the annual report/website)	Annual Report 2019 Page: 96

##### 4.6. Financial Rights of 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 2019 Page: 99
The heading of the section of the corporate website of the Company that includes the wage policy for executive and non-executive board members.	None
Page number or section heading of the annual report which states the wages and other benefits provided to board members and other executives having administrative responsibilities	Annual Report 2019 Page: 224

#### 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%	25%	4	4
Other	Credit Committee	75%	25%	94	5

# SUSTAINABILITY COMPLIANCE REPORT

## A. General Principles

### A1. Strategy, Policy and Objectives

-The Board of Directors determines the material issues, risks and opportunities related to ESG and defines the related ESG policies. Directives, business procedures etc. may be prepared within the Partnership for the effective performance of the policies in question. These policies are based on the resolutions of the Board of Directors and disclosed to the public.

Albaraka Türk's Sustainability strategy covers the realization of the Bank's activities with road maps created in certain areas and the effective management of risks associated with these activities. In this context, the Bank conducts the Sustainable Banking Program within the framework of the United Nations Sustainable Development Goals 2030.

The Bank's Sustainable and Social Responsibility Policy was submitted to the approval of the Board of Directors and published. Changes to the Policy were submitted to the Board of Directors with the recommendations of the Sustainability Committee.

-The Company Strategy is defined in compliance with the ESG policies, risks and opportunities. The shareholding strategy and short- and long-term goals in line with the ESG policies are defined and disclosed to the public.

Albaraka Türk is aware of the fact that the activities it performs and the products and services it offers with the vision of "Being the Best Participation Bank in the World" interact with the environment and aims to minimize the effects of this interaction on climate change. The Bank aims to minimize the effects of this interaction on climate change. Leading the field of interest-free banking, Albaraka Türk aims to rank among the substantial actors of the sector by taking on a pioneering role in the fight against climate change within all of its activities at its Headquarters and branches.

The subject of sustainability, supported with the corporate culture and vision, bears great importance for Albaraka Türk. Within this scope, Albaraka Türk conducts a wide range of sustainability initiatives such as the Green Building Project (LEED Gold), Carbon Disclosure Project (CDP), Zero Waste Project, and BIST Sustainability Index.

In addition, Albaraka Türk does not finance the projects that damage or have an impact on the environment, waterways and basins, thanks to the credit it provided from the World Bank. Environmental Impact Assessment (EIA) Reports are requested for all projects, financing plans of which were completed, for determining their positive and negative environmental effects. The Bank continues its efforts in the development of its corporate policy regarding the funding of sustainable projects.

Albaraka Türk's Sustainability Reports can be accessed via the link below:

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

### A2. Implementation; Monitoring

-Committees/departments in charge of ESG policies are defined and disclosed to the public. The activities carried out within the scope of the policies are reported by the responsible committee/department to the Board of Directors at least once a month and always within the maximum time periods defined under the relevant regulations of the Board for the disclosure of the annual reports to the public.

Albaraka Türk's Sustainability Committee consists of 2 Board Members. Executive Sustainability Committee consists of 3 Assistant General Managers and 6 Department Managers under the Chairmanship of General Manager.

-Implementation and action plans are developed in line with the short- and long-term goals defined and disclosed to the public.

Albaraka Türk Katılım Bankası A.Ş. With the vision of "Being the Best Participation Bank in the World," it has initiated the Sustainable Banking Program under the leadership of its main partner Albaraka Banking Group (ABG). Leading various fields since the day it was established as the first Participation Bank in Turkey, Albaraka Türk is an environmentally conscious finance company, working together with all of its shareholders for a sustainable world and promoting economical and global development under the Sustainable Banking Program with the support of its staff.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-ESG Key Performance Indicators (KPI) are defined and disclosed based on year-on-year comparisons. If verifiable data is available, KPIs are submitted together with the local and international sector comparisons.

Albaraka Türk aims to implement numerous projects within the field of sustainability in the future. Albaraka Türk aims to develop its Environmental Social Governance System in light of best practices and integrate it with the Credit Risk Assessment System. This effort is intended to maximize the value attributed to sustainability not only in operational activities but also in the business with our customers. In addition, Albaraka Türk plans to commence systems infrastructure related work even before regulations are introduced as part of the Task Force on Climate Related Financial Disclosure. Generating value for urban living spaces, Albaraka Türk also aims to certify its efforts to minimize the Bank's impact on the environment. To this end, Albaraka Türk plans to assume a more active role on global platforms to boost its reputation in this key area. Albaraka Türk conducts and participates in a wide range of sustainability initiatives, including Borsa Istanbul (BIST) Sustainability Index, Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), and Zero Waste Project.

**Albaraka Türk's CDP Score**

Albaraka 2020	Realization		Points	
	Climate Change	Water Management	Climate Change	Water Management
	A-	B-	7	5

CDP Score	Verified Points
A	8
A-	7
B	6
B-	5
C	4
C-	3
D	2
D-	1

-Innovation activities improving the sustainability performance related to work processes or product and services are disclosed.

While conducting activities toward the goal of becoming a pioneering financial institution in the field of sustainability and corporate social responsibility;

- Supporting economic and global development with a view to improving the quality of life for society,
- Minimizing the impact of our operations on climate change and working together with our stakeholders for a sustainable world,
- Following environment-friendly policies within the efforts shown and providing support for social and cultural projects in line with these policies are adopted as fundamental corporate values of Albaraka Türk.

**A.3. Reporting**

-Sustainability performance, goals and actions are reported at least once a year and disclosed to the public. Information regarding sustainability activities are described within the scope of the annual report.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-It is essential for the critical information to be directly and concisely shared for a better comprehension of the position, performance and progress of the partnership for the shareholders. Detailed information and data can also be disclosed on the company's website, separate reports can be prepared to fulfil the requirements of different stakeholders.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

Maximum attention is placed to the preparation of the report in terms of transparency and reliability. As part of a balanced approach, developments regarding the material issues are objectively disclosed in the announcements and reporting.

Albaraka Banking Group (ABG) shows utmost attention to operate observing environmental impacts at any time besides its social responsibilities. This commitment is part of the participation banking approach that was built over many years. All our stakeholders that Albaraka Türk signed a Memorandum of Understanding (MoU) with United Nations Development Programme (UNDP) in August 2018, to guarantee the compliance of the business operations with Sustainable Development Goals (SDG). A signatory to the United Nations Global Compact (UNGC) since 2016, Al Baraka Banking Group has adopted a more comprehensive framework for its sustainability efforts under the MoU signed with UNDP. Creating a road map that encompasses the period of 2016-2030 under the corporate identity of Albaraka Goals in line with the United Nations Sustainable Development Goals, our Group has guaranteed a funds transfer of USD 635 Million for the first 5 years within its Sustainable Development Goals (SDG). As of year-end 2018, Albaraka Banking Group has created 29,612 jobs, in addition to providing funds worth USD 181.9 million for quality education. We also extended USD 397 million to finance healthcare services.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

Albaraka Türk's Sustainable Banking Program can be accessed via the link below.  
<https://www.albaraka.com.tr/en/albaraka-turk-sustainable-banking-program.aspx>

## SUSTAINABILITY COMPLIANCE REPORT

-Information on which activities are related to which United Nations (UN) 2030 Sustainable Development Goals is provided.

The first participation bank in Turkey, Albaraka Türk aligned its sustainability strategy with ABG's Al Baraka Goals. The Bank has significantly contributed to the Group's target realization rates for financing and supporting employment, education, and healthcare. The Bank conducts the Sustainable Banking Program within the framework of the United Nations Sustainable Development Goals 2030. Led by ABG, Albaraka Türk supports 7 of the 17 SDGs and operates its business within this scope. Goals: "Ending Poverty" (1), "Good Health and Wellbeing" (3), "Quality Education" (4), "Gender Equality" (5), "Affordable and Clean Energy" (7), "Decent Work and Economic Growth" (8), "Industry Innovation and Infrastructure" (9)

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-Information on the lawsuits filed and/or concluded against the company on ESG issues is also disclosed.

No lawsuits were brought against/ by Albaraka Türk with regards to "environmental issues" (environmental pollution etc.) or "social issues" (occupational health / safety, GDPR etc.).

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

### A4. Verification

-Sustainable performance measurements verified by the independent third parties (independent sustainability assurance providers) are disclosed to the public and efforts are put to increase the related verification processes.

Albaraka Türk voluntarily takes part in Carbon Disclosure Project (CDP) Climate Change and Water Safety surveys. The information provided in this regard were verified by independent third parties.

### B. Environmental Principles

-Policies and practices in environmental management, action plans, environmental management systems (referred to as ISO 14001) and programs are disclosed.

Albaraka Türk shapes its business activities in line with its vision of "Becoming the World's Best Participation Bank." The Bank conducts environmental sustainability activities according to ISO 14001 Environmental Management Systems. Albaraka Türk is aware that its products and services are in constant interaction with the environment. Therefore, the Bank strives to minimize the environmental impact of this interaction and contribute to the fight against climate change. Incorporating a sustainable approach in all aspects of its corporate culture, Albaraka Türk is a pioneer of environmental sustainability among participation banks. The Bank moves steadily forward to achieve its sustainability goals. Albaraka Türk conducts and participates in a wide range of sustainability initiatives, including Borsa Istanbul (BIST) Sustainability Index, Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), and Zero Waste Project.

Environment-related laws and other related regulations are adopted and disclosed.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-It describes the constraints regarding the scope, reporting period, reporting date, data collection process and reporting conditions of the environmental report that will be included in the report prepared within the scope of Sustainability Policies.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

The highest-level person in charge of the environment and climate change in the partnership, related committees and their duties are disclosed.

Albaraka Türk's Sustainability Committee consists of 2 Board Members. Executive Sustainability Committee consists of 3 Assistant General Managers and 6 Department Managers under the Chairmanship of General Manager.

-Incentives offered for the management of environmental issues including achieving the goals are disclosed.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-The integration of environmental issues into business goals and strategies are explained.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-Sustainability performance and sustainability performance improving activities related to work processes or product and services are disclosed.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

The management of environmental issues not only in direct operations, but also throughout the partnership's value chain and the integration of suppliers and customers into the strategies are explained.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-Whether or not being included in the policy development processes related to environmental issues (sector-based, regional, national and international); environment-related associations being a member of, collaborations with related institutions and NGOs and tasks undertaken and activities supported, if any, are disclosed.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-Information regarding the environmental impacts considering the Environmental Indicators (GHG Emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) are periodically and comparably reported.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-The standards, protocols, methodology and reference year details used to collect and calculate data is disclosed.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-The status of the environmental indicators in the report years is disclosed in comparison with the previous years (increase or decrease).

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-Short- and long-term targets to mitigate the environmental impacts are defined and disclosed to the public. These targets are advised to be defined as Science-Based Targets suggested by the United Nations Climate Change Conference Parties. In the event of any improvements in the report year according to the previously defined targets, information is provided.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-The strategy and actions to tackle the climate crisis are revealed.

Albaraka Türk conducts and participates in a wide range of sustainability initiatives, including Borsa Istanbul (BIST) Sustainability Index, Green Building Project (LEED EBOM), Carbon Disclosure Project (CDP), and Zero Waste Project.

-It describes the strategy and actions to tackle the climate crisis.

<https://www.albaraka.com.tr/surdurulebilirlik/surdurulebilirlik-calismalari.aspx>

-Programs or procedures to mitigate or minimize the potential adverse impacts of the products and/or services provided are disclosed; actions taken to enable third parties to reduce their GHG emissions are disclosed.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-Actions taken to mitigate the environmental impacts, projects carried out and total number of initiatives and the resulting environmental benefits/advantages and cost conservation are disclosed.

The Bank's practices in the field of environmental sustainability are as follows:

- By reprogramming the photocopiers, unnecessary printouts that were sent to the printer and forgotten to be taken or sent were prevented, and duplex printing option was set as default on devices.
- Waste papers are delivered to companies assigned by the municipalities.
- Water saving apparatus, which provides the same effect with less water consumption by increasing the pressure of the water, were installed on the sink faucets in the Headquarters building.
- Use of electric automobiles was increased.
- The vehicle tracking system was installed in the vehicles which are used by branches for marketing and vehicle usage was tracked in detail.
- The exterior of the Headquarters building was covered with solar films to block the solar rays reaching the building, thus decreasing the use of cooling systems.
- To prevent waste batteries from mixing with the natural environment, the Bank separates and collects batteries at the Headquarters building.

## SUSTAINABILITY COMPLIANCE REPORT

- Within the scope of Green Building Project in line with the sustainable development efforts, the title of “Turkey’s First Bank Headquarters Building to Receive LEED Gold Certificate” was obtained.
- As part of the Carbon Disclosure Project (CDP), the world’s most prestigious and comprehensive environmental project aiming to collect and share the information that will encourage the companies, investors and governments to take measures for the threat of climate change, the score was increased in the last 4 years and Degree “A” was received for 2020.
- The cardboard boxes used in the transportation works of the Headquarters building are used approximately 15 times, and the cardboard boxes that have completed their economic lives are delivered to the recycling facilities of the municipalities.
- The equipment was used for a long duration thanks to the periodic maintenance of the tools, equipment and fixtures within Albaraka Türk.
- Artesian water and gray water are used instead of mains water in the toilets, washbasins, pools and garden irrigation and cleaning works of the Headquarters building.
- By preferring environment-friendly products throughout procurement activities, projects and services are carried out with nature in mind without diminishing quality.

**-It reports total energy consumption data (excluding raw materials) and describes energy consumptions as Scope-1 and Scope-2.**

Albaraka Türk responds to CDP (Carbon Disclosure Project) annually, and in addition, it has participated in Science Based Targets (SBT) and made a commitment to minimize its greenhouse gas emissions by 2030. Albaraka Türk’s scope 1 and scope 2 emissions are also verified annually besides their regular monitoring.

### **1 Scope 1 Direct Greenhouse Gas Emission**

*The greenhouse gas emissions arising from greenhouse sources owned or controlled by a company.*

- Fixed burning (Boilers, furnaces, turbines, heaters, incinerators, motors etc.)

- Mobile burning (Automobiles, trucks, boats, planes etc.)

- Process emissions (e.g. Emissions of calcination-based CO<sub>2</sub> in cement production, CO<sub>2</sub> emissions caused by catalytic cracking process

in petrochemical industry, PFC (Perfluorocarbon) emission in melting of aluminum)

- Fugitive emissions (Leaks arising from things such as equipment connections, waste water treatment facilities, cooling towers, gas processing plants etc.)

### **Scope 2 Energy Indirect Greenhouse Gas Emission**

*Greenhouse gas emission of a company created during the generation of heat or steam with the use of an external energy source.*

### **Scope 3 Other Indirect Greenhouse Gas Emission**

*Greenhouse gas emission occurring from the greenhouse gas sources owned or controlled by other companies, as a result of the operations of another company apart from energy indirect greenhouse gas emissions.*

**-Information on produced and consumed electricity, heat, vapor and cooling is provided for the report year.**

Albaraka Türk’s Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

**-Activities are carried out to increase renewable energy use, transition to zero or low carbon electricity and information related to these activities is disclosed.**

Albaraka Türk’s Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

**-Renewable energy production and usage data is revealed.**

Albaraka Türk’s Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

**-Energy efficiency projects are carried out; and, thanks to these projects, energy consumption and emission reduction figures are disclosed.**

Albaraka Türk’s Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

**-Drawn, used, recycled and discharged water amounts from surface water and groundwater, their resources and procedures (Total water drawn per resource, water resources affected from water drawn; percentage and total volume of the recycled and reused water, etc.) are reported.**

Albaraka Türk’s Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>



**-Whether or not the operations or activities are included to any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax) is disclosed.**

As a financial corporation, Albaraka Türk does not have a carbon trading plan within service industry. On the other hand, risks and opportunities for the customers that may arise from regulations are monitored via CDP. Besides this, the Bank has commenced efforts to determine an internal carbon price within the scope of CDP.

**-Accumulated or purchased carbon credit during the reporting period is disclosed.**

As a financial corporation, Albaraka Türk does not have a carbon trading plan within service industry.

**-If carbon pricing is applied in the company, details are disclosed.**

Carbon pricing is not applied at Albaraka Türk.

**-All mandatory and voluntary platforms that the company discloses its environmental information are disclosed.**

The Bank brings its environmental activities to the attention of its shareholders via its corporate website, announcements from the website and social media, Sustainability Report, GRI Report, Annual Report and CDP Report.

Albaraka Türk 2019 Sustainability Report - the most recent sustainability report - was prepared and issued to make the Bank's sustainability activities between January 1 - December 31, 2019 more visible for stakeholders. The report presents the economic, corporate, social, and environmental sustainability activities of Albaraka Türk as a corporate citizen to stakeholders in line with the principles of transparency and accountability. Albaraka Türk 2019 Sustainability Report covers the sustainability activities conducted by the Bank's domestic branches between January 1 - December 31, 2019. The foreign affiliates of Albaraka Türk are not included in the report. In consideration of 2016 GRI Standards and UN Sustainable Development Goals (SDG), Albaraka Türk 2019 Sustainability Report was prepared in accordance with the core option of GRI Sustainability Reporting Standards, the most up-to-date reporting framework of Global Reporting Initiative (GRI). The report was drafted by taking the sustainability priorities of Albaraka Türk, its principal shareholder Al Baraka Banking Group (ABG), and stakeholders into consideration.

Environmental impacts based on the commercial operations of the Bank are managed in connection with efficiency projects, and necessary measures are taken. Environmental impacts are assessed with building energy efficiency, water saving and solid waste management projects. Greenhouse gas emissions are monitored every year within the scope of Carbon Disclosure Project. Moreover, a plan for managing the environmental and social impacts caused by recent credits and commercial operations is available with the ongoing development of Environmental Social Governance System.

The Headquarters Building which have been constructed by Albaraka Türk with the latest technological developments in mind is the first LEED GOLD Certified Bank Headquarters Building of Turkey. Being awarded with this certificate under the efforts commenced in 2016, Albaraka Türk Headquarters Building was entitled for this certificate by taking various criteria into consideration such as carbon footprint, water and energy efficiency, environment-friendliness of used materials and sources, and internal environmental quality. Illumination, ventilation and other energy consumptions related to building management is provided in the headquarters building under the LEED certificate. Artesian water and gray water are used instead of mains water in the toilets, washbasins, pools and garden irrigation and cleaning works of the Headquarters building. Water saving apparatus, which provides the same effect with less water consumption by increasing the pressure of the water, were installed on the sink faucets in the Headquarters building.

The Bank brings its environmental activities to the attention of its shareholders via its corporate website, announcements from the website and social media, Sustainability Report, GRI Report, Annual Report and CDP Report.

## SUSTAINABILITY COMPLIANCE REPORT

### C. Social Principles

#### C1. Human Rights and Employee Rights

-Corporate Human Rights and Employees Rights Policy, which includes commitment to full compliance to Universal Declaration of Human Rights, ILO conventions that Turkey is a party to and legal frame and legislation regulating the human rights and employee rights in Turkey, is developed. Roles and responsibilities related to the subject policy and implementation of the policy is disclosed to the public.

Albaraka Türk's Human Rights Policy can be accessed via the link below.  
<https://www.albaraka.com.tr/assets/en/pdf/insan-haklari-politikasi.pdf>

Equal opportunity is assured during recruitment. Considering supply and value chain impacts, the policy covers fair labor, improvement of working standards, women employment and inclusion (no discrimination based on sex, religious belief, language, race, ethnicity, age, disability, immigration status, etc.) issues.

Albaraka Türk's Human Rights Policy can be accessed via the link below.  
<https://www.albaraka.com.tr/assets/en/pdf/insan-haklari-politikasi.pdf>

-Measures taken throughout the value chain to consider the rights/ equal opportunities to minorities or to people susceptible to specific economic, environmental, social factors (people with low incomes, women, etc.) are disclosed.

Albaraka Türk's Human Rights Policy can be accessed via the link below.  
<https://www.albaraka.com.tr/assets/en/pdf/insan-haklari-politikasi.pdf>

-Developments on preventive and corrective practices regarding discrimination, inequality, human rights violations, forced and compulsory labor are reported. Regulations that prohibit child labor are released.

Albaraka Türk's Human Rights Policy can be accessed via the link below.  
<https://www.albaraka.com.tr/assets/en/pdf/insan-haklari-politikasi.pdf>

-Policies regarding investments in employees (training, development policies), compensation, fringe benefits, right to union, work/life balance solutions and skills management are disclosed. Conflict resolution processes are defined by creating mechanisms for the resolution of employee complaints and disputes. Activities related to employee satisfaction are regularly disclosed.

Albaraka Türk's Human Rights Policy can be accessed via the link below.  
<https://www.albaraka.com.tr/assets/en/pdf/insan-haklari-politikasi.pdf>

-Occupational health and safety policies are developed and disclosed to the public. Measures taken for the prevention of work accidents and protection of health, and accident statistics are described.

As per the applicable legislations, actions such as reporting the efforts in the subject of health and safety (trainings, business continuity activities, awards granted by health institutions, health campaigns within the bank etc.) to also be shared with the public, and designation of a senior executive responsible for health and safety matters are being taken within the frame of Sustainable Banking Program. Albaraka Türk's Health and Safety Practices can be found in the Sustainability Report.

Albaraka Türk's Health and Safety Practices can be found in the Sustainability Report.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-Protection of personal data and data security policies are developed and disclosed to the public.

Albaraka Türk's Personal Data Protection and Data Security policies can be accessed via the link below.  
<https://www.albaraka.com.tr/en/protection-of-personal-data.aspx>

-Ethics policy (including activities related to work, professional ethics, adaptation processes, advertisement and marketing ethics, disclosure, etc.) is developed and disclosed to the public.

Albaraka Türk's Ethics Principles can be accessed via the link below.  
<https://www.albaraka.com.tr/en/banking-ethics.aspx>

Activities regarding social investment, social responsibility, financial inclusion, access to financing are revealed.

Main corporate social responsibility activities carried out by Albaraka Türk in 2020 are as follows:

- Bereket Foundation Scholarship Support: Bereket Foundation provided scholarships to 1,892 students in total in 2020, consisting of 1,807 undergraduate and 85 doctorate students.
- Distance Education Tablet Support: Tablet support was provided for students who are educated through distance education and in need of tablets.
- Gaza Islamic University PC Laboratory: A PC laboratory was established at the Gaza Islamic University for the use of visually impaired students.
- Health Supports: Financial supports were provided for the health problems of persons in need.
- Sapling Planting: 4.605 saplings were planted on behalf of the Bank employees as part of struggling with forest fires.
- National Solidarity Campaign: After the mobilization announced by the Presidency, TL 5 million support was provided for the campaign.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-Informative meetings and training programs on ESG policies and practices are delivered.

Albaraka Türk's Human Values Policy is designed to employ, improve and retain well-trained and skilled people with the qualifications and expertise required at the national as well as international level. This way, the Policy aims to help Albaraka Türk achieve and uphold – in the most effective, rapid, reliable and efficient manner – its purpose, vision, mission and corporate values. The Human Values Policy is formulated and laid down by the Head Office. The Assistant General Manager in charge of Human Values is primarily responsible for implementing, developing and following up the Human Values Policy. This responsibility is also applicable for all relevant managers within their areas of responsibility.

The core principles of Albaraka Türk's Human Values Policy include:

- Respecting the personality of employees, and protecting their rights arising from employment;
- Communicating the corporate culture, ensuring staff commitment to the corporate values and culture, and encouraging all employees to pursue shared objectives;
- Employing people in the sufficient number required, proper for the job, with appropriate intellectual and professional knowledge and skills, while ensuring that they work with commitment to achieve the highest level of productivity and profitability;
- Providing occupational training, improvement and development opportunities to the entire staff in line with the work to be performed;

- Providing work environments that encourage the staff to think innovatively and progressively and generate new ideas and products;
- Exerting efforts to internally train people for management and officer positions, and giving priority to trained staff within the Bank for appointments to vacant positions;
- Informing Bank staff on subjects relevant to them, developing communication procedures and principles that enable employees to convey their opinions and ideas to managers easily;
- Creating a working environment that boosts employee motivation for work, and conducting efforts to improve their social relations;
- Encouraging the Bank's staff to achieve success, developing practices in this regard, and rewarding outstanding performance.

## C2. Stakeholders, International Standards and Initiatives

-Sustainability activities are carried out considering the requirements and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, governmental and nongovernmental organizations, etc.).

Striving to transform its business activities into a value chain, Albaraka Türk builds transparent and interactive relations with the stakeholders on its stakeholder map to generate added value together. The Bank has capitalized on recent technology developments – digital transformation in particular – and established strong communication channels with stakeholders.

# SUSTAINABILITY COMPLIANCE REPORT

## Albaraka Türk Stakeholder Map and Communication Channels

Stakeholders	Communication Channels
Shareholders	Investor Presentations, Investor Trips, Investor Activities
Rating Institutions	Credit Rating and Corporate Governance Compliance Rating Reports
Employees	Internal Communication Channels, Professional and Personal Development Programs, Activities for Employees' Families
Subsidiaries	Internal Communication Channels, Professional and Personal Development Programs, Activities for Employees' Families
Customers	Advertising Campaigns, Complaint and Suggestion Handling Channels, Field Research Team, Ethnographic Field Research Based on Qualitative Methods
Suppliers	Procurement Procedure, Purchasing, Sales, Construction, Rental, Services and Bidding Regulations; Supplier Information Form, Supplier Evaluation Form
International Financial Institutions	Corporate Promotional Materials, Memberships, Representation at Events, One-on-one Visits and Exchanges
Associations	Corporate Promotional Materials, Memberships, Representation at Events
Media	Press Releases, Visits aimed at Press Members, Leadership Communication
Public	Activities aimed at Full Compliance with Laws, Events Supporting Public Activities
National and International NGOs and Institutions	Sustainability and CSR Partnerships & Reports

-A customer satisfaction policy is prepared regarding customer satisfaction management and resolution; and the policy is disclosed to the public.

Albaraka Türk is committed to meeting the ever-changing needs and expectations of its customers in line with its core principle of delivering unconditional customer satisfaction. The Bank further bolsters its high service standards with a sincere and friendly service approach. Albaraka Türk conducts all its business processes in line with ISO 9001: 2008 Quality Certification. In 2015, the Bank took a big step forward to ensure the continuity its business operations by obtaining ISO 22301 Business Continuity Certification.

-Stakeholder communication is maintained in a continuous and transparent manner; which stakeholders are communicated how frequently for which purpose and on which issues as well as developments in sustainability activities are disclosed.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-International Reporting Standards adopted (Carbon Disclosure Policy (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD) etc.) are disclosed to the public.

Reporting Standards Adopted by Albaraka Türk

- Carbon Disclosure Project (CDP)
- Global Reporting Initiative (GRI)
- Science Based Targets initiative (SBTi)
- Task Force on Climate-related Financial Disclosures (TCFD)

-International organizations or principles that the company has ratified or is a member of (Equator Principles, United Nations Environment Programme Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Principles for Responsible Investment (UNPRI) etc.), and the international principles adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles, etc.) are disclosed to the public.

Boasting a high profile on national and international professional platforms, Albaraka Türk continues to bolster its corporate reputation domestically and globally. Albaraka Türk's corporate memberships:

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

-Substantial efforts are put to be listed in the Borsa Istanbul Sustainability Index and the international sustainability indexes (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indexes, etc.).

Albaraka Türk is included in the Borsa Istanbul Sustainability Index.

#### **D. Corporate Governance Principles**

-All efforts are put to adapt to the Corporate Governance principles that shall be abided as part of Capital Markets Board Corporate Governance Communiqué II-17.1 as well as all other Corporate Governance principles.

Albaraka Türk's activities for compliance with Capital Markets Board (CMB) Corporate Governance Principles are included in the Corporate Governance Principles Compliance Report found in the pages 108-130 of the Albaraka Türk Annual Report 2020.

-Sustainability, environmental impacts of the operations and related principles are considered while defining corporate governance strategy.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-As stated in Corporate Governance Principles, necessary measures are taken to comply with the principles related to beneficiaries and strengthen the communication with beneficiaries. Beneficiaries are consulted while defining the measures and strategies in sustainability.

Albaraka Türk's Sustainability Report can be accessed via the link below.  
<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-It works on social responsibility projects, related events and training programs to raise awareness on sustainability and its importance.

Albaraka Türk's Sustainability Report can be accessed via the link below.

<https://www.albaraka.com.tr/en/sustainability-reports.aspx>

-Efforts are put to become a member of international standards and initiatives regarding sustainability and contribute to their activities.

Albaraka Türk's activities for compliance with Capital Markets Board (CMB) Corporate Governance Principles are included in the Corporate Governance Principles Compliance Report found in the pages 108-130 of the Albaraka Türk Annual Report 2020.

- Policies and programs on anti-bribery and anti-corruption and tax-related goodwill principles are described.

Albaraka Türk's activities for compliance with Capital Markets Board (CMB) Corporate Governance Principles are included in the Corporate Governance Principles Compliance Report found in the pages 108-130 of the Albaraka Türk Annual Report 2020.

## SUMMARY FINANCIAL INFORMATION FOR THE FIVE-YEAR PERIOD

<b>Key Financial Indicators</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total Assets (TL thousand)	32,850,738	36,229,077	42,223,652	51,392,368	69,315,799
Funds Collected (TL thousand)	23,155,134	25,309,840	28,623,473	39,769,408	51,613,124
Funds Extended* (TL thousand)	22,722,054	25,193,463	26,184,989	29,749,139	40,583,348
Shareholders' Equity (TL thousand)	2,279,593	2,481,506	3,261,451	3,821,929	4,044,227
Net Profit (TL thousand)	217,609	237,093	133,968	63,429	254,737
The Number of Personnel	3,796	3,899	3,988	3,791	3,390
Number of Branches	213	220	230	230	230

<b>Financial Ratios (%)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Funds Extended/Total Assets	69.2	69.5	62.0	57.9	58.6
Funds Extended/Funds Collected	98.1	99.5	91.5	74.8	78.6
Total Funds/Total Assets	70.5	69.9	67.8	77.4	74.5
Non-Performing Loans Ratio	4.7	4.7	6.9	7.2	4.8
Net Non-Performing Loans Ratio	2.3	2.0	3.6	4.1	1.9
Ratio of Provisions for Non-Performing Loans	52.3	57.7	47.3	42.6	61.0
Capital Adequacy Ratio	13.5	17.1	14.7	15.0	13.5

## ASSESSMENT OF FINANCIAL SITUATION, PROFITABILITY AND SOLVENCY

Despite the problems in the global markets and volatilities within the country, Albaraka Türk has increased its assets by 34.9% compared to the previous year reaching TL 69.3 billion in 2020.

Albaraka Türk, continuing its support to the real economy in 2020 as well, has increased funded credits\* to TL 40.6 billion with an increase of 36.4% compared to the previous year-end. Share of the funded credits in the total assets has realized as 58.6%. Collected Funds by the Bank have increased by 29.8% and raised to TL 51.6 billion in 2020. In 2020, the Bank contributed to resource diversity by issuing lease certificates worth TL 13.1 billion from domestic markets through its subsidiary Bereket Varlık Kiralama.

The Bank did not use the recall option of the subordinated loan of USD 250 million in 2020, which it obtained from abroad in 2015, and extended the loan until 2025 and diversified its long-term funding sources.

Albaraka Türk has preserved its strong equity structure by increasing its equities to TL 4 billion with an increase of 5.8% compared to the previous year. The Bank further strengthened its equity structure with the capital increase of TL 450 million at the beginning of the year. It generated a net profit of TL 255 million in 2020. Raising its operating revenue to TL 4.8 billion with an increase of 4.4%, the Bank has raised its profit share income to TL 1.7 billion with an increase of 107%.

Capital adequacy ratio of the Bank is realized as 13.5% as of the end of 2020, which is above the level of legal obligation.

\* Includes financial leasing receivables.

## RISK MANAGEMENT

The Bank's Risk Management System is designed to define, measure, monitor and control encountered risks via policies, procedures and limits. These efforts are aimed at monitoring, controlling, and if necessary, changing the risk and return structure of future cash flows, and the nature and level of associated activities.

To monitor and control risks to which the Bank is exposed on account of the banking activities, the Board of Directors is responsible for establishing internal control, risk management and internal auditing systems in accordance with 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 ensures that the Bank's departments operate in coordination pursuant to specified risk management policies and strategies as determined by the Board.

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

On a fundamental basis, Albaraka Türk faces market, liquidity and credit risk, as well as strategic risk, reputation risk and operational risk. The Bank sets risk policies and procedures and risk limits approved by the Board of Directors to mitigate and manage its quantifiable risks. To maintain risks within the set limits, Albaraka Türk monitors and reports the referenced limits on a functional unit basis within the Bank's internal systems and relevant bodies. The 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.

Albaraka Türk's current or future risk exposure is identified and defined. 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 the 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 on the basis of 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 in view of the diversity of services offered.

The Bank's risk appetite refers to the amount of risk that the Bank accepts to take in order to achieve strategic goals, it also includes reasonable variability in targets. A common feature of the Bank's risk appetite and risk tolerance is the boundaries they set on the acceptance of risk. However, risk tolerance is broader.

The Risk Appetite Policy, approved by the Board of Directors and updated annually, specifies the risk levels that the Bank may assume to implement its strategies and achieve its objectives. The limits and triggering functions in relation to the risk appetite and risk profile of the Bank are defined as per the Bank's risk profile and explained in detail.

Taking into account Albaraka Türk's financial status, business activity profile and future growth expectations, the amount of capital required to achieve strategic objectives is calculated via stress tests and scenario analyses performed on a static and dynamic basis. Present and future cyclical factors that may have an impact on the market where the Bank operates are considered in performing stress tests and scenario analyses on the Bank's financial structure. These efforts are evaluated along with other financial indicators. Capital planning activities conducted in this context help ensure coordination among the business processes within the Bank. Albaraka Türk aims to ensure capital allocation compatible with the risks of its functional operations and maximize risk-adjusted return on capital. As a result, the Bank evaluates risks by classifying them as market risk, liquidity risk, credit risk, operational risk and other risks.

### Market Risk

Albaraka Türk's market risk refers to the probability of loss that may be incurred due to exchange rate risk, stock position risk, commodity risk and profit rate risk.

Market risk primarily indicates the probability of loss that may be experienced on the Bank's on-balance sheet and off-balance sheet positions as part of exchange rate risk, commodity risk, profit rate risk and stock position risk due to movements in the market prices. As for market risk, Albaraka Türk calculates the foreign currency position risk and securities position risk, as well as specific risks associated with market risk, by using the standard approach.

These calculations are reported to relevant authorities on a regular basis. The Bank continuously monitors whether the market risk complies with the legally prescribed limits. Exchange rate risk is also subject to review and supervision by the Assets/Liabilities Committee. The Bank's foreign exchange rate strategy is intended to keep the exchange risk in balance and not to create short or long positions.



### Liquidity Risk

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

Market liquidity risk is the possibility of losses that may arise from the Bank's failure to close or balance any of its positions at market prices because the markets lack a certain amount of depth or are exposed to excessive volatility. Liquidity risk 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 so that commitments are met duly in time. The Liquidity risk is also evaluated by ALCO on a weekly basis.

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

### Credit Risk

Credit risk is defined as the probability of losses to the Bank due to customers failing to partially or completely pay their commitments to the Bank in a timely manner, in violation of the provisions of their credit contracts. This risk also contains any losses in the market value 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 Bank's Board of Directors establishes policies related to the extending and approval of credits, credit risk management and other administrative principles. The Board also ensures the implementation and monitoring of these policies, while taking any necessary measures. The Board of Directors delegates the power to extend credits to the Credit Committee and

Head Office pursuant to the procedures and principles determined by legal and regulatory requirements. The Head Office exercises the power delegated to them to extend credits via regional directorates/ units or branches. At our Bank, credit allocations are realized within those limits that are determined on the basis of each debtor and group of debtors. The system prevents the 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, the Bank ensures that credit risk complies with the "Regulation on Credit Policies and Implementation Procedures."

### Operational Risk

Operational risk is defined as the risk of loss due to insufficient or unsuccessful internal processes, people, and systems or loss due to external effects. 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. Operational risk may arise from employee or system errors; transactions that may be performed based on insufficient or incorrect legal information or documentation; impediments to the flow of information between divisions in the organizational structure of the Bank; uncertainties in the limits of powers; or structural and/or operational changes, natural disasters, terrorism, and fraud incidents.

The Bank classifies operational 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.

With regard to 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 in 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 in view of 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 on the basis of collaterals, concentration on the basis of market risk type, concentration on the basis of loss type, and concentration arising from creditors.

## ASSESSMENT OF INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS BY THE AUDIT COMMITTEE

In order 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 and departments operate under the supervision of the Audit Committee and the Board of Directors.

The Inspection Board conducts audit, inspection and investigation activities in relation to the entirety of Albaraka Türk's business operations. Efforts are made to provide assurances to senior management not only that the Bank's activities are being carried out in line with the requirements of current laws and regulations as well as with the Bank's own strategies, policies, principles, and objectives but also that the Bank's internal control and risk management systems are effective and adequate. The Inspection Board fulfills its audit responsibilities based on a risk-focused approach. Technological resources are made use of in the performance of auditing functions. Operations are checked to ensure that they are in compliance 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 efforts are monitored and evaluated closely and continuously by staff members who carry out the banking activities as well as internal control employees.

The Risk Management Department identifies, measures, monitors, controls and reports the Bank's risk exposure. In the monitoring and evaluation of credit risk, which is the most important risk type among the functional activities, the riskiness and composition of the credit portfolio are taken into account. Other risks that the Bank faces are prioritized, subjected to review, evaluated and constantly monitored to determine whether they are at an acceptable level or not.

The Legislation and Compliance Department is responsible for managing compliance risk effectively. The Department also examines the effects of domestic and international regulations on the Bank's operations; follows up and reports on establishing mechanisms that ensure compliance with amendments to such regulations; presents information and opinions to the Board of Directors regarding planned business activities and new products and procedures; organizes meetings with the participation of relevant units to evaluate whether the services purchased by the Bank fall under the scope of the Regulation on Procurement of Support Services by Banks; provides feedback to relevant Head Office units as a result of decisions taken at these meetings, and coordinates the communication and application processes carried out before regulatory and supervisory authorities.

To ensure Albaraka Türk's compliance with the obligations stipulated under Law No. 5549 on the Prevention of Laundering Proceeds of Crime, the Legislation and Compliance Department is responsible for performing the following tasks: Devising relevant policies and procedures for the Bank; conducting risk management, monitoring and control activities; reviewing the effectiveness and reliability of such activities; organizing training efforts; developing necessary warning systems in relation to control and monitoring processes; establishing and ensuring the functioning of systems to guarantee adoption of the aforementioned; and checking whether or not the Bank's business activities comply with the regulatory framework on the Prevention of Laundering Proceeds of Crime.

Staff members appointed to the units under internal systems perform their tasks in an independent and impartial manner; in addition, these employees have sufficient professional knowledge and experience. The activities of the units within internal systems are evaluated periodically by the Audit Committee and the Board of Directors.

**Mustafa Büyükbacı**  
Chairman of the Audit Committee

**Dr. Mohamed Ali Chatti**  
Member of the Audit Committee

**Mehmet Ali Gökce**  
Member of the Audit Committee

## MANAGERS OF INTERNAL AUDIT SYSTEMS

Name and Surname	Position	Educational Status	Experience (Years)	Seniority in Albaraka Türk	Seniority in the Field S/he is Accountable
Ahmet Uysal	Chairman of the Internal Audit Department	Master's Degree	16	15	13
Umut Çakmak	President of the Risk Management Department	Bachelor's Degree	16	16	16
Ahmet Faruk Değirmenci	President of the Internal Control Department	Bachelor's Degree	13	13	13
Ahmet KOÇ	President of Legislation and Compliance	Bachelor's Degree	24	24	10



**Ahmet Uysal**  
**Chairman of the Internal Audit Department**

Mr. Uysal, who was born in Istanbul in 1981, graduated from Istanbul University, Faculty of Economics, Department of Finance. He completed his Master's degree in the Department of Business Administration. Mr. Uysal, who started his career in 2003, joined Albaraka Türk in 2005 and became the Head of the Inspection Board in January 2017 after serving as an Inspector and Branch Manager.



**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, Mr. Çakmak works in the fields of corporate risk management, economic capital, credit rating, market and liquidity risk and operational risk.



**Ahmet Faruk Değirmenci**  
**President of the Internal Control Department**

Born in 1984, Değirmenci graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Finance. Mr. Değirmenci 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 the exams he had taken, he served as an Assistant Inspector and Inspector for six years in the Inspection Board. Between June 2004- November 2012, Mr. Koç 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.

## ALBARAKA TÜRK'S RATINGS BY INTERNATIONAL CREDIT RATING AGENCIES

### Standard & Poor's

	24.11.2020	08.11.2019	11.10.2018
Long Term Credit Rating	B	B	B
Short Term Credit Rating	B	B	B
Support	0	0	1
Long Term National Credit Rating	trBBB+	trBBB+	trBBB+
Short Term National Credit Rating	trA-2	trA-2	trA-2
View	Negative	Negative	Negative

Ratings by other rating agencies are as follows:

Title of the rating agency	Date of the rating score	Long term international rating score	Short Term Foreign Currency Credit Rating	Long Term Local Currency Credit Rating	Short Term Local Currency Credit Rating	View
Islamic International Rating Agency	29.06.2020	BB+	A3	BBB-	A3	Negative

Title of the rating agency	Date of the rating score	Long Term National Credit Rating	Short Term National Credit Rating	View
National Investor Services	29.06.2020	A+(tr)	A1(tr)	Stable

### Albaraka Turk's Corporate Governance Compliance Ratings of CMB

05.06.2020 Dated Rating Scores of National Investor Services Rating Agency

Compliance with Corporate Governance Principles	9.09
Shareholders	9.17
Public Disclosure and Transparency	9.40
Stakeholders	9.34
Board of Directors and Executives	8.71

## PROVISION POLICY

### Explanations on provisions for expected losses

The Bank makes provisions for the expected losses for its financial assets measured at amortized cost and by reflecting fair value difference to other comprehensive income. Pursuant to the "Regulation on Classification of Loans and the Provisions to be Allocated for Them" published on June 22, 2016, dated Official Gazette No. 29750, the Bank has started to allocate impairment provisions in accordance with the provisions of the IFRS 9 as of January 1, 2018. Within this framework, as of 31 December 2017, the method for allocating provisions for losses under the relevant legislation of the BRSA was changed with the expected credit losses model following the implementation of IFRS 9.

Provisions released in the same year are registered as a credit under the "Provision Costs," released portion of the previous period provisions are recognized under "Other Operating Income." The expected credit impairment model is applied to other instruments registered in the comprehensive income statement based on the amortized cost or the fair value (such as bank placements, loans and financial leasing receivables) and to the financial leasing receivables whose fair value impairment cannot be measured by profit/loss, contractual assets, credit commitments and financial guarantee agreements.

The guiding principle of the expected credit impairment model is to reflect the overall picture of the increase or improvement of the credit risk in financial instruments. The amount of loss provision depends on the level of the increase in the credit risk from the first issue of the loan. The expected credit loss is an estimate of the expected losses from the loan during the life of a financial instrument, and the following points are considered to be important for measurement:

- A neutral amount weighted according to the likelihood determined by taking into account possible results,
- Reasonable and supported information based on 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. In accordance with IFRS 9, the bank uses two different default probability values in the calculation of the expected credit loss:

- **12-Month Default Probability:** Estimation of the probability of default within 12 months after the reporting date.
- **Lifetime Default Probability:** Estimation of the probability of default over the expected life of the financial instrument.
- **Loss in Case of Default (THK):** It refers to the amount of economic loss when a borrower defaults on a loan. It is expressed as a ratio.
- **Default Amount (TT):** The number of outstanding cash loans as of the reporting date. In non-cash credits and commitments, it refers to the amount calculated using the deposit to loan ratio. The deposit to loan ratio corresponds to the deposit to loan ratio used in the adaptation of the possible risk increased between the current date and date of default.

#### 12 Months Expected Loss Provision (Stage 1)

Their maturity does not exceed 30 days. Their maturity does not exceed 30 days. For these assets, provision for credit risk impairment is recognized as the amount of provision for 12 months' expected credit loss. It applies to all assets unless there is a significant deterioration in credit quality. 12 months expected credit loss values are included in the lifetime expected credit loss calculation (within 12 months following the reporting date or shorter if the life of a financial instrument in less than 12 months).

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

If there is a significant increase in the credit risk following the introduction of a financial asset in the financial statements, it is transferred to Stage 2. The provision for credit risk impairment is determined based on the lifetime expected credit loss provision of the related financial asset.

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

- Loans over 30 days but not exceeding 90 days,
- Data received from the early warning system and the assessment of the bank in such a case,
- Conclusion of the bank management that there is a significant increase in the credit risk after the comparison with the default risk at the beginning performed to determine whether the client's default risk has increased significantly since the initial recognition of the loan,
- In loans whose reimbursement solely depends on collateral, loans the net realizable collateral value of which is lower than the receivable amount.

#### Default (Stage 3/Special Provision)

According to the internal procedures of the Bank, if the following conditions are present, the relevant financial asset is considered to be in default:

- Loans that are not paid for 90 days from the last installment date (in this case, the client is monitored on the 91<sup>st</sup> 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 31<sup>st</sup> day),
- Loans reconstructed and classified as living receivables and reconstructed at least for the second time within the monitoring period of one year,
- Client loans that are partially removed from assets or acquired as collateral to offset the loan debts or paid in goods and services.

Note: Due to the pandemic, regulations were made by the BRSA regarding the number of delay days. In 2020, 90 days for 1<sup>st</sup> stage, 90-180 days for 2<sup>nd</sup> stage and 180 days for 3<sup>rd</sup> stage were used as delay criteria. Although the relevant standards and regulations have not changed, it is acted according to the Presidential decree.

## ADVISORY BOARD REPORT

To Al Baraka Türk Participation Bank Stakeholders,

The advisory committee has prepared the following report within the scope of its authorities and duties:

The principles and agreements regarding the transactions and practices of the Bank within the relevant period were examined. The examination was carried out in order to create an opinion on whether the Bank complied with the principles and standards of interest-free banking and the decisions of our Committee.

The senior management of the Bank is responsible for conducting the activities of the financial institution in accordance with interest-free banking principles and standards (and the decisions of our Committee). It is the responsibility of our Committee to form and report an independent opinion within the framework of the examination of the Bank's activities.

The examination was carried out by checking the relevant documents and processes on the basis of each type of transaction carried out by the Bank.

The examination was planned and carried out to obtain all the necessary information and explanations to obtain sufficient evidence to provide reasonable assurance that the Bank does not violate the principles and standards of interest-free banking and the decisions of our Committee.

According to our opinion:

- a) During the period until 31.12.2020, the contracts, transactions and relations to which the Bank is a party are in accordance with the principles and standards of interest-free banking and the decisions of the Advisory Committee.
- b) The application of dividend allocation and loss reflection to participation accounts complies with the principles approved by our Committee in line with the interest-free banking principles and standards.
- c) All revenues obtained through the means/from sources that are not compliant with interest-free banking principles and standards were given as donations.

May Allah's mercy and blessings be upon you.

30.01.2021

### **Advisory Committee Members**

Prof. Dr. Hamdi Döndüren

Doç. Dr. Necmettin Kızılkaya

# ALBARAKA TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED FINANCIAL STATEMENTS  
AND RELATED DISCLOSURES AT DECEMBER 31, 2020  
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.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27 K: 2-3-4  
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Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

**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 2020, unconsolidated statement of profit and loss and unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the unconsolidated financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2020 and financial performance and unconsolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 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.

**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

#### **Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures**

As disclosed in footnote VII of Section 3; the Bank measures expected credit losses for financial instruments by TFRS 9 “Financial Instruments Standards”. The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows;

- Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements
- The applications TFRS 9 are complex and comprehensive
- The classification of financial instruments based on the Bank’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows
- Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses
- The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9
- Estimations and assumptions used in expected credit losses are new, important and complex
- Complex and comprehensive disclosure requirements of TFRS 9.

### How the Key Audit Matter is addressed in our audit

Our audit procedures in addition to our current audit procedures:

- Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Bank’s past performance, and local and global practices
- Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists
- Evaluating the impact of Covid-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses calculation and fair value calculations together with forward-looking estimates and significant assumptions.
- Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices
- Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Bank’s business model
- Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Bank’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis
- Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses
- Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis
- Testing the fair value calculations of real estates included in profit and loss project loans by the valuation experts of another company included in the network which we are affiliated.
- Evaluating the necessity and accuracy of the updates made or required updates after the modeling process
- Auditing of disclosures related to TFRS 9.



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

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

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

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

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

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

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

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

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



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

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

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

#### Report on Other Legal and Regulatory Requirements

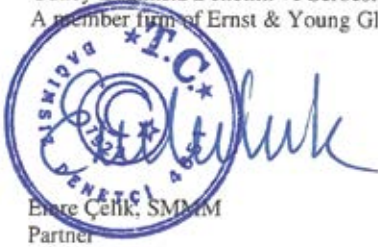
- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2020 are not in compliance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

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

#### Additional paragraph for convenience translation to English

As explained in detail in Note I.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



February 18, 2021  
İstanbul, Türkiye



**UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6  
34768 Ümraniye/İstanbul  
Bank's phone number and facsimile : 00 90 216 666 01 01 – 00 90 216 666 16 00  
Bank's website : www.albaraka.com.tr  
Electronic mail contact info : albarakaturk@albarakaturk.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.

**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

**Mehmet Ali GÖKCE**

Member of the Audit  
Committee

**Mohamed Ali CHATTI**

Member of the Audit  
Committee

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

Name-Surname/Title : Bora ŞİMŞEK/Financial Reporting/Vice Manager  
Telephone : 00 90 216 666 05 59  
Facsimile : 00 90 216 666 16 11

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# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

(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 İstanbul and is operating through 228 (December 31, 2019: 228) local branches and 2 (December 31, 2019: 2) foreign branches and with 3.390 (December 31, 2019: 3.791) staff as of December 31, 2020.

#### **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, 2020, 36,29% (December 31, 2019: 54,06%) of the Bank’s shares are owned by Albaraka Banking Group, 15,38% (December 31, 2019: 0%) owned by Dallah Albaraka Group, 7,84% (December 31, 2019: 7,84%) owned by Islamic Development Bank, 36,81% (December 31, 2019: 25,22%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020**

(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	( <sup>1</sup> ) 0,0000
Members of BOD:	Süleyman KALKAN	II.Chairman of BOD (Independent)	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	( <sup>1</sup> ) 0,0000
	Ghassan Ahmed M. AMODİ	Independent Member of BOD	Bachelor	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	-
	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Mehmet Ali GÖKCE	Independent Member of BOD	Master	-
	Houssem BEN HAJ AMOR	Member of BOD	Bachelor	-
	Tawfig Shaker M. MUFTI	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	-
	Fatih BOZ	Assistant General Manager Responsible for Credits	Master	-
	Mehmet Fatih YORULMAZ	Assistant General Manager Responsible for Marketing	Master	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Sales	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance and Strategy	Bachelor	-
	Volkan EVCİL	Assistant General Manager Responsible for Central Operations	Bachelor	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
Chief Legal Consultancy	Hasan AVŞAR	Chief Legal Consultant	Bachelor	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Mehmet Ali GÖKCE	Member of Audit Committee	Master	-
	Dr. Mohamed Ali CHATTI	Member of Audit Committee	Doctorate	-

<sup>(1)</sup> The share amounts of these persons are between TL 1-10 (full).

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, 2019: 0,0000 %).

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

The Bank's paid in capital amounting to TL 1.350.000 consists of 1.350.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 697.546 of the paid in capital is owned by qualified shareholders who are listed below.

Name/commercial name	Share amount (nominal)	Share ratio ( <sup>1</sup> )	Paid shares	Unpaid shares
Albaraka Banking Group	489.961	36,29%	489.961	-
Dallah Albaraka Holding	207.585	15,38%	207.585	-

<sup>(1)</sup> Shares purchased from Stock Exchange is not included.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

(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, Türkiye Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Generali Sigorta, Bereket Katılım Sigorta, HDI 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. and Oyak Yatırım Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services. Moreover, the Bank is involved in providing non-cash loans that mainly comprise letters of guarantee, letters of credit and acceptances.

Transactions which can be carried out by the Bank are not limited to the clauses listed above. If any activities other than those mentioned are considered as beneficial to the Bank, the application must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities which then needs to be approved by the Ministry of Trade since such applications are amendments in nature to the Article of Association. The application is included in the Article of Association after all necessary approvals are obtained.

### 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 consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha Gmbh the subsidiaries of the Bank, through equity method and full consolidation method, respectively. 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", "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu" and other investments funds controlled by the Bank have been consolidated as well. "Bereket One Ltd" and "Albaraka Sukuk Ltd", which are not subsidiaries of the Bank but over which the Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity".

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

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



**SECTION TWO**  
**The unconsolidated financial statements**

- I. 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, 2020

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

ASSETS	Notes (Section Five-I)	Audited CURRENT PERIOD December 31, 2020			Audited PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>5.126.972</b>	<b>18.067.080</b>	<b>23.194.052</b>	<b>5.151.819</b>	<b>12.063.213</b>	<b>17.215.032</b>
<b>1.1 Cash and Cash Equivalents</b>	<b>(1)</b>	<b>2.115.516</b>	<b>14.497.412</b>	<b>16.612.928</b>	<b>2.512.261</b>	<b>10.453.589</b>	<b>12.965.850</b>
1.1.1 Cash and Balances with Central Bank		1.371.053	11.863.955	13.235.008	1.426.702	7.369.207	8.795.909
1.1.2 Banks		779.426	2.633.920	3.413.346	1.102.737	3.084.595	4.187.332
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		34.963	463	35.426	17.178	213	17.391
<b>1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>	<b>(2)</b>	<b>2.149.588</b>	<b>3.254.404</b>	<b>5.403.992</b>	<b>1.798.852</b>	<b>435.301</b>	<b>2.234.153</b>
1.2.1 Government Securities		536.142	3.232.685	3.768.827	99.148	435.174	534.322
1.2.2 Equity Securities		-	10.774	10.774	-	-	-
1.2.3 Other Financial Assets		1.613.446	10.945	1.624.391	1.699.704	127	1.699.831
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>	<b>(3)</b>	<b>848.184</b>	<b>315.264</b>	<b>1.163.448</b>	<b>840.568</b>	<b>1.174.064</b>	<b>2.014.632</b>
1.3.1 Government Securities		745.044	306.067	1.051.111	813.658	1.150.767	1.964.425
1.3.2 Equity Securities		7.667	9.197	16.864	15	23.297	23.312
1.3.3 Other Financial Assets		95.473	-	95.473	26.895	-	26.895
<b>1.4 Derivative Financial Assets</b>	<b>(5)</b>	<b>13.684</b>	<b>-</b>	<b>13.684</b>	<b>138</b>	<b>259</b>	<b>397</b>
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		13.684	-	13.684	138	259	397
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>		<b>23.290.703</b>	<b>20.517.445</b>	<b>43.808.148</b>	<b>16.998.224</b>	<b>14.745.234</b>	<b>31.743.458</b>
<b>2.1 Loans</b>	<b>(6)</b>	<b>23.254.475</b>	<b>18.801.331</b>	<b>42.055.806</b>	<b>17.019.778</b>	<b>13.617.465</b>	<b>30.637.243</b>
<b>2.2 Lease Receivables</b>	<b>(7)</b>	<b>291.476</b>	<b>68.673</b>	<b>360.149</b>	<b>227.356</b>	<b>16.322</b>	<b>243.678</b>
<b>2.3 Financial Assets Measured at Amortised Cost</b>	<b>(4)</b>	<b>832.051</b>	<b>2.392.749</b>	<b>3.224.800</b>	<b>638.021</b>	<b>1.356.298</b>	<b>1.994.319</b>
2.3.1 Government Securities		832.051	2.392.749	3.224.800	638.021	1.296.462	1.934.483
2.3.2 Other Financial Assets		-	-	-	-	59.836	59.836
<b>2.4 Expected Credit Losses (-)</b>	<b>(6)</b>	<b>1.087.299</b>	<b>745.308</b>	<b>1.832.607</b>	<b>886.931</b>	<b>244.851</b>	<b>1.131.782</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(8)</b>	<b>130.757</b>	<b>293</b>	<b>131.050</b>	<b>124.196</b>	<b>284</b>	<b>124.480</b>
3.1 Asset Held for Resale		130.757	293	131.050	124.196	284	124.480
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. OWNERSHIP INVESTMENTS (Net)</b>	<b>(9)</b>	<b>25.100</b>	<b>18.311</b>	<b>43.411</b>	<b>51.837</b>	<b>18.311</b>	<b>70.148</b>
<b>4.1 Associates (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4.897</b>	<b>-</b>	<b>4.897</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	4.897	-	4.897
<b>4.2 Subsidiaries (Net)</b>		<b>5.100</b>	<b>18.311</b>	<b>23.411</b>	<b>26.940</b>	<b>18.311</b>	<b>45.251</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		5.100	18.311	23.411	5.400	18.311	23.711
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	21.540	-	21.540
<b>4.3 Joint Ventures (Net)</b>		<b>20.000</b>	<b>-</b>	<b>20.000</b>	<b>20.000</b>	<b>-</b>	<b>20.000</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		20.000	-	20.000	20.000	-	20.000
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(10)</b>	<b>1.371.033</b>	<b>17.226</b>	<b>1.388.259</b>	<b>1.496.510</b>	<b>19.905</b>	<b>1.516.415</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(11)</b>	<b>40.533</b>	<b>-</b>	<b>40.533</b>	<b>30.535</b>	<b>-</b>	<b>30.535</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		40.533	-	40.533	30.535	-	30.535
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>3.672</b>	<b>-</b>	<b>3.672</b>	<b>45</b>	<b>-</b>	<b>45</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(13)</b>	<b>191.314</b>	<b>-</b>	<b>191.314</b>	<b>166.390</b>	<b>-</b>	<b>166.390</b>
<b>X. OTHER ASSETS</b>	<b>(14)</b>	<b>488.305</b>	<b>27.055</b>	<b>515.360</b>	<b>274.713</b>	<b>251.152</b>	<b>525.865</b>
<b>TOTAL ASSETS</b>		<b>30.668.389</b>	<b>38.647.410</b>	<b>69.315.799</b>	<b>24.294.269</b>	<b>27.098.099</b>	<b>51.392.368</b>

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, 2020**

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

LIABILITIES	Notes (Section Five-I)	Audited CURRENT PERIOD December 31, 2020			Audited PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	(1)	<b>15.465.033</b>	<b>36.148.091</b>	<b>51.613.124</b>	<b>14.696.620</b>	<b>25.072.788</b>	<b>39.769.408</b>
<b>II. FUNDS BORROWED</b>	(2)	<b>4.314.758</b>	<b>2.987.107</b>	<b>7.301.865</b>	<b>2.843.246</b>	<b>1.691.379</b>	<b>4.534.625</b>
<b>III. BORROWINGS FROM MONEY MARKETS</b>		<b>1.246.687</b>	<b>1.029.766</b>	<b>2.276.453</b>	<b>18.237</b>	-	<b>18.237</b>
<b>IV. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	(3)	<b>142.596</b>	-	<b>142.596</b>	<b>504</b>	<b>345</b>	<b>849</b>
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		142.596	-	142.596	504	345	849
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES</b>	(4)	<b>314.684</b>	<b>13.711</b>	<b>328.395</b>	<b>287.755</b>	<b>12.905</b>	<b>300.660</b>
<b>VIII. PROVISIONS</b>	(5)	<b>198.842</b>	<b>2.401</b>	<b>201.243</b>	<b>133.162</b>	<b>1.590</b>	<b>134.752</b>
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		144.641	-	144.641	99.231	-	99.231
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		54.201	2.401	56.602	33.931	1.590	35.521
<b>IX. CURRENT TAX LIABILITY</b>	(6)	<b>71.950</b>	<b>11.018</b>	<b>82.968</b>	<b>68.084</b>	<b>4.874</b>	<b>72.958</b>
<b>X. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(7)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED LOANS</b>	(8)	-	<b>1.732.562</b>	<b>1.732.562</b>	-	<b>1.375.164</b>	<b>1.375.164</b>
12.1 Loans		-	1.732.562	1.732.562	-	1.375.164	1.375.164
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	(9)	<b>1.404.812</b>	<b>187.554</b>	<b>1.592.366</b>	<b>1.156.348</b>	<b>207.438</b>	<b>1.363.786</b>
<b>XIV. SHAREHOLDERS' EQUITY</b>	(10)	<b>4.038.919</b>	<b>5.308</b>	<b>4.044.227</b>	<b>3.785.896</b>	<b>36.033</b>	<b>3.821.929</b>
14.1 Paid-In Capital		1.350.000	-	1.350.000	900.000	-	900.000
14.2 Capital Reserves		960.566	-	960.566	1.345.134	-	1.345.134
14.2.1 Share Premium		14.855	-	14.855	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		945.711	-	945.711	1.345.134	-	1.345.134
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		254.045	-	254.045	243.404	-	243.404
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		90.833	5.308	96.141	76.661	36.033	112.694
14.5 Profit Reserves		1.492.590	-	1.492.590	1.430.225	-	1.430.225
14.5.1 Legal Reserves		130.419	-	130.419	136.027	-	136.027
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.362.171	-	1.362.171	1.294.198	-	1.294.198
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(109.115)	-	(109.115)	(209.528)	-	(209.528)
14.6.1 Prior Years Profit/(Loss)		(363.852)	-	(363.852)	(272.957)	-	(272.957)
14.6.2 Current Year Profit/(Loss)		254.737	-	254.737	63.429	-	63.429
<b>TOTAL LIABILITIES</b>		<b>27.198.281</b>	<b>42.117.518</b>	<b>69.315.799</b>	<b>22.989.852</b>	<b>28.402.516</b>	<b>51.392.368</b>

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

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

STATEMENT OF OFF-BALANCE SHEET	Dipnot (Beşinci Bölüm-III)	Audited CURRENT PERIOD December 31, 2020			Audited PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>11.377.799</b>	<b>9.281.131</b>	<b>20.658.930</b>	<b>6.884.242</b>	<b>5.792.399</b>	<b>12.676.641</b>
<b>I. GUARANTEES AND SURETIES</b>	<b>(1)</b>	<b>5.710.137</b>	<b>5.411.694</b>	<b>11.121.831</b>	<b>5.128.502</b>	<b>5.302.936</b>	<b>10.431.438</b>
1.1. Letters of Guarantees		5.647.191	3.555.738	9.202.929	5.099.099	3.619.295	8.718.394
1.1.1. Guarantees Subject to State Tender Law		876.326	77.888	954.214	697.926	62.581	760.507
1.1.2. Guarantees Given for Foreign Trade Operations		15	1.043.724	1.043.739	15	835.718	835.733
1.1.3. Other Letters of Guarantee		4.770.850	2.434.126	7.204.976	4.401.158	2.720.996	7.122.154
1.2. Bank Loans		-	49.363	49.363	-	14.463	14.463
1.2.1. Import Letter of Acceptances		-	49.363	49.363	-	14.463	14.463
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		39.522	1.731.270	1.770.792	257	1.329.663	1.329.920
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		39.522	1.731.270	1.770.792	257	1.329.663	1.329.920
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		-	75.323	75.323	-	339.515	339.515
1.7. Other Collaterals		23.424	-	23.424	29.146	-	29.146
<b>II. COMMITMENTS</b>	<b>(1)</b>	<b>2.395.012</b>	<b>850.025</b>	<b>3.245.037</b>	<b>1.722.506</b>	<b>389.607</b>	<b>2.112.113</b>
2.1. Irrevocable Commitments		2.391.012	850.025	3.241.037	1.722.506	389.607	2.112.113
2.1.1. Asset Purchase and Sale Commitments		359.047	850.025	1.209.072	47.797	389.607	437.404
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		429.887	-	429.887	262.517	-	262.517
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		667.621	-	667.621	631.606	-	631.606
2.1.7. Tax And Fund Liabilities from Export Commitments		13.538	-	13.538	10.381	-	10.381
2.1.8. Commitments for Credit Card Expenditure Limits		919.974	-	919.974	769.342	-	769.342
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		398	-	398	335	-	335
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		547	-	547	528	-	528
2.2. Revocable Commitments		4.000	-	4.000	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		4.000	-	4.000	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>	<b>3.272.650</b>	<b>3.019.412</b>	<b>6.292.062</b>	<b>33.234</b>	<b>99.856</b>	<b>133.090</b>
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		3.272.650	3.019.412	6.292.062	33.234	99.856	133.090
3.2.1. Forward Foreign Currency Buy/Sell Transactions		128.188	114.937	243.125	33.234	41.953	75.187
3.2.1.1. Forward Foreign Currency Transactions-Buy		83.763	39.298	123.061	27.547	10.149	37.696
3.2.1.2. Forward Foreign Currency Transactions-Sell		44.425	75.639	120.064	5.687	31.804	37.491
3.2.2. Other Forward Buy/Sell Transactions		3.144.462	2.904.475	6.048.937	-	57.903	57.903
3.3. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>87.262.122</b>	<b>24.652.412</b>	<b>111.914.534</b>	<b>72.616.853</b>	<b>16.137.385</b>	<b>88.754.238</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5.519.997</b>	<b>8.677.435</b>	<b>14.197.432</b>	<b>3.812.406</b>	<b>3.053.641</b>	<b>6.866.047</b>
4.1. Assets Under Management		2.911.168	-	2.911.168	1.522.915	-	1.522.915
4.2. Investment Securities Held in Custody		137.652	344.021	481.673	72	26.320	26.392
4.3. Cheques Received for Collection		1.696.146	275.497	1.971.643	1.480.111	285.800	1.765.911
4.4. Commercial Notes Received for Collection		526.549	83.168	609.717	543.651	76.306	619.957
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		215.254	1.519.560	1.734.814	210.617	341.146	551.763
4.8. Custodians		33.125	6.455.189	6.488.314	54.937	2.324.069	2.379.006
<b>V. PLEDGED ITEMS</b>		<b>81.742.125</b>	<b>15.974.977</b>	<b>97.717.102</b>	<b>68.804.447</b>	<b>13.083.744</b>	<b>81.888.191</b>
5.1. Marketable Securities		11.668.013	4.659.421	16.327.434	10.007.092	3.875.114	13.882.206
5.2. Guarantee Notes		1.438.998	219.572	1.658.570	1.223.615	193.710	1.417.325
5.3. Commodity		6.545.244	1.758.326	8.303.570	3.520.395	1.194.171	4.714.566
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		56.903.781	6.988.385	63.892.166	51.035.646	5.913.841	56.949.487
5.6. Other Pledged Items		4.924.606	2.341.372	7.265.978	2.763.503	1.898.042	4.661.545
5.7. Pledged Items-Depository		261.483	7.901	269.384	254.196	8.866	263.062
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>98.639.921</b>	<b>33.933.543</b>	<b>132.573.464</b>	<b>79.501.095</b>	<b>21.929.784</b>	<b>101.430.879</b>

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, 2020

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

STATEMENT OF PROFIT OR LOSS			Audited	Audited
	Notes (Section Five-IV)	CURRENT PERIOD January 1- December 31, 2020	PRIOR PERIOD January 1- December 31, 2019	
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>3.584.628</b>	<b>3.344.284</b>	
1.1 Profit Share on Loans		3.065.363	2.978.582	
1.2 Income Received from Reserve Deposits		14.777	51.897	
1.3 Income Received from Banks		631	2.273	
1.4 Income Received from Money Market Placements		-	-	
1.5 Income Received from Marketable Securities Portfolio		472.920	287.680	
1.5.1 Financial Assets at Fair Value Through Profit and Loss		102.460	5.612	
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		173.500	173.487	
1.5.3 Financial Assets Measured at Amortised Cost		196.960	108.581	
1.6 Finance Lease Income		28.550	20.202	
1.7 Other Profit Share Income		2.387	3.650	
<b>II. PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>1.879.008</b>	<b>2.521.054</b>	
2.1 Expense on Profit Sharing Accounts		1.118.540	1.601.892	
2.2 Profit Share Expense on Funds Borrowed		576.369	749.442	
2.3 Profit Share Expense on Money Market Borrowings		79.520	103.162	
2.4 Profit Share Expense on Securities Issued		-	-	
2.5 Finance Lease Expense		56.986	59.485	
2.6 Other Profit Share Expense		47.593	7.073	
<b>III. NET PROFIT SHARE INCOME (I - II)</b>		<b>1.705.620</b>	<b>823.230</b>	
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>233.567</b>	<b>299.829</b>	
4.1 Fees and Commissions Received		394.977	395.485	
4.1.1 Non-Cash Loans		128.295	123.572	
4.1.2 Other	(3)	266.682	271.913	
4.2 Fees and Commissions Paid (-)		161.410	95.656	
4.2.1 Non-Cash Loans		296	431	
4.2.2 Other	(3)	161.114	95.225	
<b>V. DIVIDEND INCOME</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	
<b>VI. TRADING INCOME/LOSS(net)</b>	<b>(5)</b>	<b>266.884</b>	<b>323.709</b>	
6.1 Capital Market Transaction Income/(Loss)		74.905	162.177	
6.2 Profit/(Loss) from Derivative Financial Instruments		(142.128)	(21.992)	
6.3 Foreign Exchange Income/(Loss)		334.107	183.524	
<b>VII. OTHER OPERATING INCOME</b>	<b>(6)</b>	<b>562.059</b>	<b>543.084</b>	
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>2.768.130</b>	<b>1.989.852</b>	
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(7)</b>	<b>1.159.755</b>	<b>773.996</b>	
<b>X. OTHER PROVISION EXPENSES (-)</b>		<b>25.966</b>	<b>16.411</b>	
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>722.190</b>	<b>667.274</b>	
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(8)</b>	<b>536.484</b>	<b>444.878</b>	
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>323.735</b>	<b>87.293</b>	
<b>XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>	
<b>XV. PROFIT/(LOSS) ON EQUITY METHOD</b>		<b>-</b>	<b>-</b>	
<b>XVI. PROFIT/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	
<b>XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>	<b>(9)</b>	<b>323.735</b>	<b>87.293</b>	
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(10)</b>	<b>68.998</b>	<b>23.864</b>	
18.1 Provision for Current Taxes		10.912	4.722	
18.2 Deferred Tax Expense Effect (+)		366.579	220.539	
18.3 Deferred Tax Income Effect (-)		308.493	201.397	
<b>XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(11)</b>	<b>254.737</b>	<b>63.429</b>	
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	
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		-	-	
<b>XXI. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	
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		-	-	
<b>XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)</b>		<b>-</b>	<b>-</b>	
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	
23.1 Provision for Current Taxes		-	-	
23.2 Deferred Tax Expense Effect (+)		-	-	
23.3 Deferred Tax Income Effect (-)		-	-	
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>	
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(12)</b>	<b>254.737</b>	<b>63.429</b>	
Earnings Per Share		0,189	0,070	

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, 2020

(Tutarlar aksi belirtilmedikçe Bin Türk Lirası (TL) olarak ifade edilmiştir.)

	Audited	Audited
	CURRENT PERIOD	PRIOR PERIOD
	January 1-	January 1-
	December 31, 2020	December 31, 2020
<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I.</b>		
<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>254.737</b>	<b>63.429</b>
<b>II.</b>		
<b>OTHER COMPREHENSIVE INCOME</b>	<b>6.677</b>	<b>95.894</b>
<b>2.1</b>		
<b>Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>10.641</b>	<b>8.696</b>
2.1.1		
Revaluation Surplus on Tangible Assets	41.708	31.588
2.1.2		
Revaluation Surplus on Intangible Assets	-	-
2.1.3		
Defined Benefit Plans' Actuarial Gains/Losses	(22.642)	(13.716)
2.1.4		
Other Income/Expense Items not to be Recycled to Profit or Loss	(3.906)	(6.497)
2.1.5		
Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(4.519)	(2.679)
<b>2.2</b>		
<b>Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>(3.964)</b>	<b>87.198</b>
2.2.1		
Translation Differences	19.695	15.949
2.2.2		
Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Financial Assets Measured at Fair Value through Other Comprehensive Income	(32.582)	91.345
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	8.923	(20.096)
<b>III.</b>		
<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>261.414</b>	<b>159.323</b>

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, 2020

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)	Notes (Section Five-V)	Paid-in Capital	Share Cancellation Premium	Share Profits	Other Capital Reserves <sup>(1)</sup>	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss					Current Period's Net Profit/Loss	Total Shareholders' Equity			
						1	2	3	4	5			6	Profit Reserves	Prior Periods' Profit/Loss
<b>CURRENT PERIOD</b>															
<b>(January 1 – December 31, 2020)</b>															
<b>I. Closing balance</b>	(V)	900.000	-	-	1.345.134	270.910	(27.506)	-	72.638	40.056	-	1.430.225	(271.957)	63.429	3.821.929
<b>II. Correction made as per TAS 8</b>		-	-	-	-	-	-	-	(8.999)	-	-	-	8.999	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	(8.999)	-	-	-	8.999	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Balances at Beginning of Period (I+II)</b>	900.000	-	-	1.345.134	270.910	(27.506)	-	72.638	31.057	-	1.430.225	(263.958)	63.429	3.821.929	261.414
<b>IV. Total Comprehensive Income</b>		-	-	-	29.460	(18.819)	-	19.695	(23.659)	-	-	-	-	254.737	261.414
V. Capital Increase in Cash		450.000	14.855	-	(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		-	-	-	65.432	-	-	-	(3.590)	-	-	18	(100.976) <sup>(*)</sup>	(63.429)	(39.116)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	62.347	1.082	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	62.347	(62.347)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	63.429	(63.429)	-
<b>Balances at end of the period (III+IV...+X+XI)</b>		<b>1.350.000</b>	<b>14.855</b>	<b>-</b>	<b>945.711</b>	<b>300.370</b>	<b>(46.325)</b>	<b>-</b>	<b>92.333</b>	<b>3.808</b>	<b>-</b>	<b>1.492.590</b>	<b>(363.852)</b>	<b>254.737</b>	<b>4.044.227</b>

(\*) The bank has recognized unmatured 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 Bank has paid TL 1.38.241 in February and August 2020, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 29.649 the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

1. Tangible and Intangible Assets Revaluation Reserve,

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

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

4. Exchange Differences on Translation,

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

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

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

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 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	Share Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss					Current Period's Net Profit/Loss	Total Shareholders' Equity			
							1	2	3	4	5			6	Profit Reserves	Prior Period's Profit/Loss
<b>PRIOR PERIOD</b>																
<b>(January 1 – December 31, 2019)</b>																
<b>I. Closing balance</b>		<b>900.000</b>	-	-	-	<b>845.976</b>	<b>251.889</b>	<b>(17.181)</b>	-	<b>56.689</b>	<b>(31.193)</b>	-	<b>1.300.967</b>	<b>(179.664)</b>	<b>133.968</b>	<b>3.261.451</b>
<b>II. Correction made as per TAS 8</b>		-	-	-	-	-	-	-	-	-	-	-	-	<b>(17.304)</b>	-	<b>(17.304)</b>
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	<b>(17.304)</b>	-	<b>(17.304)</b>
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Balances at Beginning of Period (I+II)</b>		<b>900.000</b>	-	-	-	<b>845.976</b>	<b>251.889</b>	<b>(17.181)</b>	-	<b>56.689</b>	<b>(31.193)</b>	-	<b>1.300.967</b>	<b>(196.968)</b>	<b>133.968</b>	<b>3.244.147</b>
<b>IV. Total Comprehensive Income</b>		-	-	-	-	-	<b>19.021</b>	<b>(10.325)</b>	-	<b>15.949</b>	<b>71.249</b>	-	-	-	<b>63.429</b>	<b>159.323</b>
<b>V. Capital Increase in Cash</b>		-	-	-	-	<b>464.855<sup>(*)</sup></b>	-	-	-	-	-	-	-	-	-	<b>464.855</b>
<b>VI. Capital Increase from Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Capital Reserves from Inflation Adjustments to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Liabilities</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Others Changes</b>		-	-	-	-	<b>34.303</b>	-	-	-	-	-	-	<b>(130)</b>	<b>(80.569)<sup>(**)</sup></b>	-	<b>(46.396)</b>
<b>XI. Profit Distribution</b>		-	-	-	-	-	-	-	-	-	-	-	<b>129.388</b>	<b>4.580</b>	<b>(133.968)</b>	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	<b>129.388</b>	<b>(129.388)</b>	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	<b>133.968</b>	<b>(133.968)</b>	-
<b>Balances at end of the period (III+IV...+X+XI)</b>		<b>900.000</b>	-	-	-	<b>1.345.134</b>	<b>270.910</b>	<b>(27.506)</b>	-	<b>72.638</b>	<b>40.056</b>	-	<b>1.430.225</b>	<b>(271.957)</b>	<b>63.429</b>	<b>3.821.929</b>

(\*) The bank has recognized unmatured 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 Bank has paid TL 112,284 in February and August 2019, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it 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 CASH FLOWS AS OF DECEMBER 31, 2020

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

STATEMENT OF CASH FLOWS		Audited	Audited
		CURRENT PERIOD	PRIOR PERIOD
		January 1- December 31, 2020	January 1- December 31, 2019
		Notes (Section Five-VI)	
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>2.161.027</b>
			<b>1.669.570</b>
1.1.1	Profit Share Income Received		3.400.375
1.1.2	Profit Share Expense Paid		(1.803.241)
1.1.3	Dividend Received		-
1.1.4	Fees and Commissions Received		266.682
1.1.5	Other Income		527.106
1.1.6	Collections from Previously Written Off Loans	(V-I-6,h2)	608.331
1.1.7	Payments to Personnel and Service Suppliers		(903.566)
1.1.8	Taxes Paid		(127.238)
1.1.9	Others	(V-VI-3)	192.578
<b>1.2</b>	<b>Changes In Operating Assets And Liabilities</b>		<b>(6.987.575)</b>
			<b>3.792.464</b>
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(3.095.758)
1.2.2	Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(2.178.742)
1.2.3	Net (Increase) Decrease in Loans		(9.830.111)
1.2.4	Net (Increase) Decrease in Other Assets		(962.519)
1.2.5	Net Increase (Decrease) in Bank Deposits		(1.600.976)
1.2.6	Net Increase (Decrease) in Other Deposits		10.914.506
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)	(233.975)
<b>I.</b>	<b>Net Cash Flow From Banking Operations</b>		<b>(4.826.548)</b>
			<b>5.462.034</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net cash flow from investing activities</b>		<b>613.222</b>
			<b>(1.768.972)</b>
2.1	Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(50)
2.2	Cash Obtained From Disposal of Investments, Associates and Subsidiaries		21.890
2.3	Purchases of Property and Equipment		(127.331)
2.4	Disposals of Property and Equipment		307.988
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.912.156)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		3.106.407
2.7	Purchase of Financial Assets Measured at Amortised Cost	(V-I-4)	(1.740.999)
2.8	Sale of Financial Assets Measured at Amortised Cost	(V-I-4)	957.473
2.9	Other		-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Flow From Financing Activities</b>		<b>4.749.744</b>
			<b>(3.854.988)</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued		36.229.126
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(31.255.604)
3.3	Issued Capital Instruments		-
3.4	Dividends Paid		-
3.5	Leases Paid		(85.538)
3.6	Other		(138.240)
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(V-VI-3)	<b>336.393</b>
			<b>235.821</b>
<b>V.</b>	<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>872.811</b>
			<b>73.895</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	(V-VI-a)	<b>7.182.466</b>
			<b>7.108.571</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	(V-VI-b)	<b>8.055.277</b>
			<b>7.182.466</b>

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, 2020

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

	Audited CURRENT PERIOD December 31, 2020	Audited PRIOR PERIOD December 31, 2019
<b>STATEMENT OF PROFIT APPROPRIATION</b>		
<b>I. Distribution of current year income</b>		
1.1. Current year income	323.735	87.293
1.2. Taxes and duties payable (-)	68.998	23.864
1.2.1. Corporate tax (Income tax)	10.912	4.722
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities <sup>(*)</sup>	58.086	19.142
<b>A. Net income for the year (1.1-1.2)</b>	<b>254.737</b>	<b>63.429</b>
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	3.172
1.5. Other statutory reserves (-)	-	1.082
<b>B. Distributable net period income [(A)-(1.3+1.4+1.5)] <sup>(**)</sup></b>	<b>254.737</b>	<b>59.175</b>
1.6. First dividend to shareholders (-)	-	-
1.6.1. To owners of ordinary shares	-	-
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. Dividend to personnel (-)	-	-
1.8. Dividend to board of 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	-	59.175
1.13. Other reserves	-	-
1.14. Special funds	-	-
<b>II. Distribution from reserves</b>		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	-
2.3. Share to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. Share to personnel (-)	-	-
2.5. Share to board of directors (-)	-	-
<b>III. Earnings per share</b>		
3.1. To owners of ordinary shares <sup>(***)</sup> (Full TL)	0,189	0,070
3.2. To owners of ordinary shares (%)	18,86	7,05
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
<b>IV. Dividend per share</b>		
4.1. To owners of ordinary shares (Full TL)	-	-
4.2. To owners of ordinary shares (%)	-	-
4.3. To owners of preferred shares	-	-
4.4. To owners of preferred shares (%)	-	-

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

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

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

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

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

(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 preparation of the unconsolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Bank's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes. Accounting policies and evaluation principles in preparing Financial statements are determined and applied as per the principles stated in "BRSA Accounting and Financial Reporting Legislation" and consistent with the accounting policies applied for December 31, 2019 financial statements except that are stated in part Three, note VII.

The covid 19 pandemia, showed up in China, spreaded in various countries and caused upper respiratory infections. The pandemia has affected economical conditions locally and globally in especially the countries which are most exposed to it and caused operational malfunctions. Because of spreading covid-19 virus around the world, various precautions continue to be taken in our country as well as in the world in order to prevent to spread of the virus.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

Beside these measurements, economical measurements are being taken to minimise the effects of pandemia for individuals and firms in the world and in our country.

While preparing December 31, 2020 financials, the Bank has reflected the possible impacts of covid 19 pandemia to the estimates and assumptions used in preparing Financial statements. The estimates and assumptions used in expected credit loss provisions are explained under information on expected credit losses.

### **d. Restatement of the financial statements according to the current purchasing power of money:**

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

### **e. Comparative information and classifications:**

The changes in accounting policies are applied retrospectively and previous period financial statements are restated. The Financial statements of the Bank are prepared comparative to the previous term in order to determine its financial position and performans trends. If appropriate, the comparative information are restated in order to provide comparativeness to the statements of current period financial statements.

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

The Bank creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit sharing accounts. Other than current and profit sharing accounts, the Bank's most important funding sources are its equity and borrowings from foreign financial institutions. The Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

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

If the loans recognized in the foreign currency accounts are switched to non performing, they are continued to be recognized in the foreign currency accounts and evaluated with the current exchange rates.

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

The balance sheet items of the foreign branches of the Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold and silver) accounted under assets and liabilities which do not have fixed maturity are translated into Turkish lira by using the buying rate at the balance sheet date announced by the Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Bank.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

(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 statement of profit or loss.

In the correspondence of BRSA dated June 8, 2012 and numbered B.02.1.BDK.0.13.00.0-91.11-12061, it has been stated that there is no objection to recording the commissions received from long term non-cash loans collected in quarterly periods or periods less than a quarter directly as income. Consequently, the Bank records the related cash and non-cash loans commissions directly as income.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

(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, 2020

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

In evaluating profit share investment projects various assumptions and estimations have been used. Work projects, discount rates and fair value parameters may fluctuate and sensitive to COVID 19's effect to market, economical conjuncture, and sectoral position, and other market conditions.

### 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.

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.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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### VII. Explanations on expected credit losses:

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income. As of January 1, 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of January 1, 2018, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

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.

Because of the malfunction in economical and commercial operations, BRSA has taken decisions dated March 17, 2020 numbered 8948 and March 27,2020 numbered 8970 within the context of clause 4 and 5 of the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" which will be valid as of March 17,2020. As a result of those decisions, it has been determined that 30 days overdue will be 90 days to classify first group loans as second group loans and 90 days overdue will be 180 days to classify first and second group loans as non performing loans. All changes will be applied until June 30, 2021.

- Temporarily it is possible that loans which are not collected up to 90 days to be classified under first group, up to 180 days classified under second group.
- The Customers who have rescheduled loans have been enabled to postpone the installments without breaking existing rescheduled contracts within the mentioned period.
- In finalizing the Pro rata banks protocols, the operations which will take time will be extended with common accord.

As a result, the provisions to be allocated for such receivables will continue as per the risk models under TFRS 9 the banks use in calculating expected credit losses.

As of December 31, 2020, under these flexibilities mentioned above, the Bank has cash receivables amount to TL 383.417 over 30 days due and TL 108.762 over 90 days due, these receivables are classified under first and second group and TL 1.390 and TL 18.472 expected credit losses have been allocated respectively. In addition, the loan amounting to TL 603.718 which was classified as Stage 3 loan before December 31, 2020, has been classified as Stage 2 loan and provision allocations continued according to Stage 3 ECL methodology for those loans.

As stated under the note of significant estimates and assumptions in preparing financial statements, the Bank has changed the parameters in allocating provisions by using the best estimates and assumptions for expected credit losses to reflect the possible impact of Covid 19 pandemia to its financial statements as of December 31, 2020. In provisioning parameters, base scenario rate has been updated as 80% negative condition scenario rate has been updated as 20% and positive condition scenario has been revoked. In order to calculate the impact of macroeconomical factors to lifetime expected credit losses, the model has been set by using the data from first quarter of 2010 to third quarter of 2020. In this model NPL rates of the banks operating in the same sector has been used and supportive data from previous terms have been received. As a result of model update works, the paramaters of unemployment, gross domestic product and consumer price index have been found meaningful. Under this context, this approach used for the fourth quarter of 2020, will be reviewed in the coming reporting periods by considering the changes in outcomes of pandemia, credit portfolio and expectations related to the future.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.



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

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Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement;

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. Credit risk parameters used in the calculations are as follows:

### Parameters used when calculating expected credit losses:

#### Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the Bank uses two different PDs in order to calculate expected credit losses:

- 12 Months PD: As the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: As the estimated probability of default occurring over the remaining life of the financial instrument.

#### Loss Given Default (LGD):

If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

#### Exposure at Default (EAD):

For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion rate corresponds to the factor, which adjust the potential increase of the exposure between the current date and the default date.

Financial Assets are divided into the following three categories depending on observable increases in their credit risks:

#### 12 Month Expected Credit Losses (Stage 1)

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition and the delay days do not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan. The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

As per the decision by BRSA dated March 27, 2020 numbered 8970, which is valid from March 17,2020 until June 30, 2021, the loans which are between 30 and 90 days overdue are classified under first group loans.

#### 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.

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As per the decision by BRSA dated March 27, 2020 numbered 8970, which is valid from March 17, 2020 until December 31, 2020, the loans that are between 90 and 180 days overdue are classified under second group loans.

### 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 91<sup>st</sup> day. In addition, as per the decision by BRSA dated March 17,2020 numbered 8948, which is valid from March 17,2020 until June 30, 2021, the definition of "default" is that the receivable is 180 days overdue instead of 90 days).
- Loans restructured and classified as performing receivables and restructured in the 1 year monitoring period at least once again and & or loans whose principal / profit payment is 30 days overdue.

### VIII. Explanations on offsetting of financial instruments:

Financial instruments are offset when the Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The sukuk investments issued by the Bank which are repurchased has been offset in financial assets measured at fair value through other comprehensive income and subordinated loan accounts.

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

Securities subject to repurchase agreement are classified as "Financial Assets Measured at Fair Value through Profit/Loss", "Financial Assets Measured at Fair Value through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under "Borrowings from Money Markets" in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement.

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

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

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

A discontinued operation is a part of the Bank's business which has been disposed of or classified as held for sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank has not any discontinued operations.

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

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### 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, 2020, 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.

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

	<b>Depreciation Rate (%)</b>
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

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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.

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting continues almost the same.

The Bank has the exemption for not applying this standard to short-term leaseings (leases with a rental period of 12 months or less) or to leases where the underlying asset is of low value (eg personal computers, some office equipment, etc.). At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time and depreciates the existence of the right to use as of the same date and is amortized over the lease term. If this ratio can be determined easily, lease payments are discounted using the Bank's average profit rate.

If the ratio cannot be easily determined, the Bank uses its own alternative borrowing rate. The profit share expense on the lease liability and the depreciation charge of the right to use is recorded separately. The lessee re-measures the lease obligation if certain events occur (for example, changes in lease duration, forward lease payments due to changes in a particular index or rate, etc.). In this case, the lessee records the reassignment effect of the lease obligation as a correction on the right to use.

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

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### 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.

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### **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, 2020, there is an actuarial loss amounts to TL 57.906 before deferred tax calculation (December 31, 2019: TL 35.264 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 14<sup>th</sup> day and paid by the 17<sup>th</sup> 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.

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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.

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 25<sup>th</sup> 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. The tax rate of 22% valid for 3 years beginning from 1 January 2018, will be applied as 20% beginning from 1 January 2021. Therefore, the rate of 20% was used in the deferred tax calculation as of December 31, 2020 (December 31, 2019: 22% for the temporary differences expected to be realized/ closed within 2020, the corporate tax rate applicable after 2020 is 20%).

As explained in detailed note under "XVII Additional explanations on borrowings", deferred tax is calculated for exchange difference and coupon payment for Tier 1 under equity and deferred tax expenses.

### 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.

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

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### **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:**

None.

### **XIX. Explanations on acceptances and availed drafts:**

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

### **XX. Explanations on government grants:**

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

### **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 X.

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

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

### **XXIII. Explanations on other matters:**

There is no other matter.



**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**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, 2020, the Bank’s total capital has been calculated as TL 5.563.141 and capital adequacy standard ratio is 13,51%. As of December 31, 2019, Bank’s total capital amounted to TL 5.135.259 and capital adequacy ratio was 14,97%. The Bank’s capital adequacy standard ratio is above the minimum ratio required by the legislation.

**a. Information on capital:**

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.350.000	900.000
Share issue premiums	14.855	-
Reserves	1.128.738	1.157.268
Gains recognized in equity as per TAS	566.502	953.018
Profit	254.737	63.429
Current Period Profit	254.737	63.429
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3.314.832</b>	<b>3.073.715</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>-</b>	<b>-</b>
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	46.325	27.506
Improvement costs for operating leasing	20.340	24.273
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	37.958	28.674
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	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 <sup>th</sup> clause of the 56 <sup>th</sup> 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 <sup>nd</sup> clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>216.074</b>	<b>191.904</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>3.098.758</b>	<b>2.881.811</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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	Current Period	Prior Period
<b>ADDITIONAL TIER I CAPITAL</b>		
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)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>775.720</b>	<b>775.720</b>
<b>Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>775.720</b>	<b>775.720</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.874.478</b>	<b>3.657.531</b>
<b>TIER II CAPITAL</b>	<b>-</b>	<b>-</b>
Debt instruments and share issue premiums deemed suitable by the BRSA	1.374.112	1.362.486
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	321.443	116.745
<b>Tier II Capital Before Deductions</b>	<b>1.695.555</b>	<b>1.479.231</b>
<b>Deductions From Tier II Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>1.695.555</b>	<b>1.479.231</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5.570.033</b>	<b>5.136.762</b>
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50 <sup>th</sup> and 51 <sup>th</sup> 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	6.892	1.503

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Thousand of Turkish Lira (TL) unless otherwise stated)

	Current Period	Prior Period
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
<b>Total Capital (Total Core Capital and Supplementary Capital)</b>	<b>5.563.141</b>	<b>5.135.259</b>
<b>Total risk weighted amounts</b>	<b>41.181.635</b>	<b>34.299.071</b>
<b>Capital Adequacy Ratios</b>	-	-
Core Capital Adequacy Ratio (%)	7,52	8,40
Tier 1 Capital Adequacy Ratio (%)	9,41	10,66
Capital Adequacy Ratio (%)	13,51	14,97
<b>BUFFERS</b>	-	-
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3,02	3,90
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	279.792	231.614
<b>Limits related to provisions considered in Tier II calculation</b>	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	321.443	116.745
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	321.443	116.745
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

<sup>(1)</sup> Amounts in this column represents the amounts of items that are subject to transition provisions.

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In press release by BRSA dated March 23, 2020 it is stated that there are financial market turbulences as a result of Covid 19 pandemia. Because of this, in calculating credit risk as per "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is possible that last 252 working days (before calculation date) arithmetical averages of central bank buying exchange rates can be used in calculating the revalued amounts of monetary and non monetary items and their specific provisions. The items which are carried at cost is out of scope. In addition, if the net revaluation amounts are negative for "Financial Assets Measured at Fair Value through Other Comprehensive Income", these negative amounts may not be considered in calculating equity calculated as per "Regulation on Equity of Banks". However, if the financial Assets Measured at Fair Value through Other Comprehensive Income acquired after March 23, 2020, then the existing clauses of the regulation is applied. As of December 31, 2020, the Bank utilized the facilities mentioned above.

### 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
<b>Special Consideration in the Calculation of Equity</b>		
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No	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 1.374.112	TL 775.720 <sup>(1)</sup>
Par Value of Instrument	TL 1.717.640	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
	Last Payment Date: November 30, 2025	Last Payment Date: None
	Total Repayment Amount of Profit Share:	First refund option date: February 20, 2023
Optional call date, contingent call dates and redemption amount	USD 131.250.000 (first 5 years), USD 117.137.500 (second 5 years)	Total Repayment Amount of Profit Share for 5 years: USD 102.500.000
	Repayment Period: 6 months	Repayment Period: 6 months
	Principal Payment: USD 250.000.000	Principal Payment: USD 205.000.000
Subsequent call dates	-	-
<b>Profit Share/Dividends</b>		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	9,371 % (first 5 years:10,50%)	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative
<b>Convertible or Non-convertible</b>		
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	-	-
<b>Write-down feature</b>		
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

<sup>(1)</sup> Represented as historical cost

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

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### 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.

### II. Explanations on credit risk:

**(1)** Credit risk represents the Bank's risk or losses arising from corporate and individual loan customers who have cash or non-cash credit relations with the Bank not fulfilling the terms of their agreements partially or in full. Limit assignment authority primarily belongs to the Board of Directors and based on the authority given by the Board of Directors, the risk limits of the Bank are determined by Head-office Loan Committee, Loan Committee and Board of Directors. Head-office Loan Committee may exercise such authority partially through units of the Bank or branches. Proposal for loans are presented in a written format to the Loan Committee and Board of Directors.

Regarding the credit risk, debtors or group of debtors is subject to risk limitations. Credit limits are determined separately for each individual customer, company, group of companies, and risk groups. While determining credit risk several criteria such as the customers' financial strength, commercial capacities, sectors, geographical areas and capital structure are evaluated collectively.

In accordance with the decision taken by the Board of Directors of the Bank, the Bank cannot grant loans above 15% of its equity to a real person or legal entity (Exception to this decision is subject to the decision of the Board of Directors). Distributing the risk in a balanced manner to the sectors is observed, therefore in their marketing operations the branches strive for reaching various firms existing in different sectors. As a principle, each branch oversees the balanced distribution of the total risk to the sectors and progress of the firms existing in critical sectors.

The credibility of the debtors of loans are monitored periodically in accordance with related legislation. The financial documents for loans are obtained, audited and updated as necessary as stipulated in the related legislation. Credit limits of customers are renewed periodically according to the Bank's credit limit renewal procedure. The Bank obtains necessary collaterals for loans by analyzing the creditworthiness of corporate and individual loans according to its credit policy. Main collaterals obtained for credit risk are mortgage on real estate, cash blockage, pledges on vehicle and machinery.

Limits defined by the Board of Directors and Loan Committee for each bank are followed-up by Treasury Management on a daily basis for the transactions related with placements or treasury operations like foreign currency purchase and sales with domestic and foreign correspondent banks.

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. Related classifications are mentioned in the third section under the heading of Accounting Policies, in VII. No. "Explanations on expected credit loss provisions".

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

Risk Categories	Current Period Risk Amount	Average Risk Amount <sup>(*)</sup>
Receivables from central governments or central banks	12.076.435	8.823.260
Receivables from regional or local governments	263.340	109.083
Receivables from administrative units and non-commercial enterprises	71.654	108.096
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	4.527.321	4.901.669
Receivables from corporates	22.360.812	19.038.766
Retail receivables	7.450.300	6.359.782
Receivables secured by mortgages on property	3.892.785	3.057.466
Past due receivables	515.372	651.659
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	7.299	13.450
Other receivables	4.834.249	3.988.110
Equity share investments	59.997	81.705
<b>TOTAL<sup>(*)</sup></b>	<b>56.059.564</b>	<b>47.133.046</b>

<sup>(\*)</sup> Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2020.

(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 51% (December 31, 2019: 53%) and 60% (December 31, 2019: 62%) 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 43% (December 31, 2019: 45%) and 55% (December 31, 2019: 56%) 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, 2019: 44%) and 53% (December 31, 2019: 51%) respectively.

(7) The Bank's expected credit loss (except non cash loans) amount for its credit risk (Stage 1 and 2) is TL 620.083 (December 31, 2019: TL 202.542).

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## NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

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#### (8) Profile on significant risks in significant regions:

Current Period	Risk Categories <sup>(*)</sup>												
	1	2	3	4	5	6	7	8	9	10	11	12	Total
Domestic	12,075,930	263,340	71,654	-	2,105,193	21,119,412	7,391,850	3,874,184	513,815	7,299	4,834,018	32,768	52,289,463
EU Countries	-	-	-	-	484,337	176,618	7,946	5,579	3	-	-	18,643	693,126
OECD Countries <sup>(**)</sup>	-	-	-	-	23,828	-	6	-	-	-	-	-	23,834
Off-shore banking regions	-	-	-	-	757,610	361,038	34,454	7,270	-	-	-	-	1,160,372
USA, Canada	-	-	-	-	238,941	47,240	809	578	-	-	-	-	287,568
Other countries	505	-	-	-	917,412	656,504	15,235	5,174	1,554	-	231	8,586	1,605,201
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities <sup>(***)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,076,435</b>	<b>263,340</b>	<b>71,654</b>	<b>-</b>	<b>4,527,321</b>	<b>22,360,812</b>	<b>7,450,300</b>	<b>3,892,785</b>	<b>515,372</b>	<b>7,299</b>	<b>4,834,249</b>	<b>59,997</b>	<b>56,059,564</b>
<b>Prior Period</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>Total</b>
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 <sup>(**)</sup>	-	-	-	-	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	-	-	-	-	-	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 <sup>(***)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9,765,536</b>	<b>99,368</b>	<b>111,062</b>	<b>-</b>	<b>5,182,630</b>	<b>16,802,564</b>	<b>5,358,754</b>	<b>2,868,084</b>	<b>703,682</b>	<b>4,907</b>	<b>3,777,428</b>	<b>89,421</b>	<b>44,763,436</b>

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

<sup>(\*\*)</sup> OECD countries other than EU countries, USA and Canada.

<sup>(\*\*\*)</sup> Assets and liabilities are not allocated on a consistent basis

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

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

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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
<b>1 Agriculture</b>	-	-	-	-	-	<b>78.153</b>	<b>104.118</b>	<b>30.178</b>	<b>1.848</b>	-	-	-	<b>175.619</b>	<b>38.678</b>	<b>214.297</b>
1.1 Farming and stockbreeding	-	-	-	-	-	73.918	64.215	14.275	1.621	-	-	-	117.440	36.589	154.029
1.2 Forestry	-	-	-	-	-	4.038	38.936	15.866	226	-	-	-	56.977	2.089	59.066
1.3 Fishery	-	-	-	-	-	197	967	37	1	-	-	-	1.202	-	1.202
<b>2 Manufacturing</b>	-	<b>1</b>	<b>930</b>	-	-	<b>10.303.464</b>	<b>2.333.099</b>	<b>1.138.224</b>	<b>202.647</b>	-	-	-	<b>6.689.612</b>	<b>7.288.753</b>	<b>13.978.365</b>
2.1 Mining	-	-	-	-	-	602.620	30.666	11.619	1.515	-	-	-	326.440	319.980	646.420
2.2 Production	-	-	32	-	-	8.954.675	2.242.944	1.046.773	174.051	-	-	-	6.140.020	6.278.455	12.418.475
2.3 Electricity, gas, water	-	1	898	-	-	746.169	59.489	79.832	27.081	-	-	-	223.152	690.318	913.470
<b>3 Construction</b>	-	-	-	-	-	<b>5.068.676</b>	<b>699.214</b>	<b>484.885</b>	<b>101.659</b>	-	-	-	<b>3.653.544</b>	<b>2.700.890</b>	<b>6.354.434</b>
<b>4 Services</b>	<b>4.089.419</b>	-	<b>70.654</b>	-	<b>3.574.125</b>	<b>6.146.443</b>	<b>2.603.111</b>	<b>1.084.537</b>	<b>104.783</b>	<b>7.299</b>	<b>792.710</b>	<b>59.997</b>	<b>8.248.653</b>	<b>10.284.425</b>	<b>18.533.078</b>
4.1 Wholesale and retail trade	-	-	44	-	-	2.995.329	1.752.810	432.461	60.094	-	-	-	3.569.079	1.671.659	5.240.738
4.2 Hotel, food and beverage services	-	-	-	-	-	212.729	45.436	32.176	15.301	-	-	-	123.449	182.193	305.642
4.3 Transportation and telecommunication	-	-	-	-	-	199.301	170.697	50.492	8.149	-	-	-	292.940	135.699	428.639
4.4 Financial institutions	4.089.419	-	-	-	-	932.759	10.944	221.086	159	7.299	-	41.686	2.594.937	6.275.827	8.870.764
4.5 Real estate and renting services	-	-	35.702	-	6.713	1.752.537	395.417	270.082	6.200	-	792.710	18.311	1.280.299	1.997.373	3.277.672
4.6 Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education services	-	-	13.751	-	-	1.106	14.177	14.401	2.851	-	-	-	46.181	105	46.286
4.8 Health and social services	-	-	21.157	-	-	52.682	213.630	63.839	12.029	-	-	-	341.768	21.569	363.337
<b>5 Other</b>	<b>7.987.016</b>	<b>263.339</b>	<b>70</b>	-	<b>953.196</b>	<b>764.076</b>	<b>1.710.758</b>	<b>1.154.961</b>	<b>104.435</b>	-	<b>4.041.539</b>	-	<b>6.465.281</b>	<b>10.514.109</b>	<b>16.979.390</b>
<b>6 Total</b>	<b>12.076.435</b>	<b>263.340</b>	<b>71.654</b>	-	<b>4.527.321</b>	<b>22.360.812</b>	<b>7.450.300</b>	<b>3.892.785</b>	<b>515.372</b>	<b>7.299</b>	<b>4.834.249</b>	<b>59.997</b>	<b>25.232.709</b>	<b>30.826.855</b>	<b>56.059.564</b>

- 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



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**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	-	530.329	740.194	604.006	2.214.815
2 Receivables from regional or local governments	-	-	-	99.736	-
3 Receivables from administrative units and non-commercial enterprises	2	-	227	37.579	13.344
4 Receivables from multilateral development banks	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-
6 Receivables from banks and brokerage houses	168.491	3.505	37.244	14.576	709.168
7 Receivables from corporates	958.220	2.717.545	1.556.314	3.517.973	11.681.313
8 Retail receivables	233.445	488.123	1.016.048	1.329.584	3.264.901
9 Receivables secured by mortgages on property	140.193	179.312	264.743	699.948	2.375.613
10 Past due receivables	7.563	6	5	1	1.168
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-
15 Other receivables	-	-	-	-	-
16 Equity share investments	-	-	-	-	-
<b>17 TOTAL</b>	<b>1.507.914</b>	<b>3.918.820</b>	<b>3.614.775</b>	<b>6.303.403</b>	<b>20.260.322</b>

(9) While determining risk weights of receivables from banks and receivables from central banks and central governments indicated in the sixth article of “Regulation on Measurement and Assessment of Capital Adequacy of Banks”, rating grades obtained from rating agencies commissioned by customers are being used. Resident banks and intermediary firms are evaluated as unrated and credit rating agencies’ ratings are considered for non resident counterparties. The ratings by IIRA (International Islamic Rating Agency) are considered for receivables from central governments or central banks. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

The match-up of the ratings by rating agencies are represented in “credit quality stages” in the following table:

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		Credit Quality stage	Fitch Ratings	Moody's Investor Service	S&P Ratings Services	Japan Credit Rating Agency	DBRS	IIRA
		<b>The match-up of the ratings</b>						
	<b>Long term credit ratings</b>	1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	BB (high) to BB (low)	BB+ to BB-
		5	B+ to B-	B1 to B3	B+ to B-	B+ to B-	B (high) to B (low)	B+ to B-
		6	CCC+ ve lower	Caa1 ve lower	CCC+ ve lower	CCC ve lower	CCC (high) ve lower	CCC+ ve lower
	<b>Short term credit ratings</b>	1	F1+ to F1	P-1	A-1+ to A-1	J-1	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	J-2	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	J-3	R-3	A-3
		4	F3 lower	NP	A-3 lower	J-3 lower	R-3 lower	A-3 lower
		5	-	-	-	-	---	-
		6	-	-	-	-	---	-
	<b>Ratings for long term securitization positions</b>	1	AAA to AA-	Aaa to Aa3	AAA to AA-	-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	-	BB (high) to BB (low)	BB+ to BB-
		5	B+ ve lower	B1 ve lower	B+ ve lower	-	B (high) ve lower	B+ ve lower
	<b>Ratings for short term securitization positions</b>	1	F1+ to F1	P-1	A-1+ to A-1	-	R-1 (high) to R-1 (low)	A-1+ to A-1
2		F2	P-2	A-2	-	R-2 (high) to R-2 (low)	A-2	
3		F3	P-3	A-3	-	R-3	A-3	
Diğerleri		F3 lower	NP	A-3 lower	-	R-3	A-3 lower	
<b>The match-up for collective investment undertakings</b>	1	AAA to AA-	Aaa to Aa3	FCQR: AAaf to AA-f; PSFR: AAAm to AA-m	-	-	-	
	2	A+ to A-	A1 to A3	FCQR: A+f to A-f; PSFR: A+m to A-m	-	-	-	
	3	BBB+ to BBB-	Baa1 to Baa3	FCQR: BBB+f to BBB-f; PSFR: BBB+m to BBB-m	-	-	-	
	4	BB+ to BB-	Ba1 to Ba3	FCQR: BB+f to BB-f; PSFR: BB+m to BB-m	-	-	-	
	5	B+ to B-	B1 to B3	FCQR: B+f to B-f; PSFR: B+m to B-m	-	-	-	
	6	CCC+ ve lower	Caa1 ve lower	FCQR: CCC+f ve lower; PSFR: CCC+m ve lower	-	-	-	

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks" are presented below:

Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	Deductions from Shareholders' Equity
1 Amount before credit risk mitigation	14.320.484	-	3.762.859	1.303.686	3.215.662	7.450.300	25.817.504	189.069	-	65.190
2 Amount after credit risk mitigation	15.319.595	-	4.134.137	1.293.696	3.364.222	6.668.963	25.090.240	188.711	-	65.190

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**(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 2020, 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, 2020, 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)	
<b>1</b>	<b>Agriculture</b>	<b>10.871</b>	<b>5.639</b>	<b>7.374</b>
1.1	Farming and stockbreeding	1.326	4.374	888
1.2	Forestry	9.545	1.262	6.483
1.3	Fishery	-	3	3
<b>2</b>	<b>Manufacturing</b>	<b>2.064.888</b>	<b>873.379</b>	<b>708.614</b>
2.1	Mining	159.388	13.131	119.746
2.2	Production	1.563.647	855.246	577.104
2.3	Electricity, gas, water	341.853	5.002	11.764
<b>3</b>	<b>Construction</b>	<b>670.608</b>	<b>574.754</b>	<b>498.961</b>
<b>4</b>	<b>Services</b>	<b>341.782</b>	<b>323.829</b>	<b>249.847</b>
4.1	Wholesale and retail trade	78.031	165.870	89.361
4.2	Hotel, food and beverage services	162.097	41.300	20.971
4.3	Transportation and telecommunication	47.710	81.622	97.194
4.4	Financial institutions	26	5.937	3.410
4.5	Real estate and renting services	45.208	2.675	34.672
4.6	Self-employment services	2.670	1.785	939
4.7	Education services	64	7.885	807
4.8	Health and social services	5.976	16.755	2.493
<b>5</b>	<b>Other</b>	<b>447.450</b>	<b>267.675</b>	<b>208.268</b>
<b>6</b>	<b>Total</b>	<b>3.535.599</b>	<b>2.045.276</b>	<b>1.673.064</b>

**(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 <sup>(*)</sup>	Closing Balance
1.	Stage 3 Provisions	946.631	697.454	(470.965) <sup>(**)</sup>	74.830	1.247.950
2.	Stage 1 and 2 Provisions	185.151	424.813	(26.748)	1.441	584.657

<sup>(\*)</sup> Determined according to currency differences.

<sup>(\*\*)</sup> Includes reversal of provisions related to write off amounts to TL 53.145 and reversal of provisions of previous terms' non performing loans carried to performing loans by approximation amounts to TL 324.618.

Prior Period	Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments <sup>(*)</sup>	Closing Balance
1.	Specific Provisions	893.485	633.455	(638.779) <sup>(**)</sup>	58.470	946.631
2.	General Provisions	363.306	72.858	(251.051)	38	185.151

<sup>(\*)</sup> Determined according to currency differences.

<sup>(\*\*)</sup> Includes reversal of provisions related to write off amounts to TL 441.418.

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

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### 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	27.593.481	5.382.188	32.975.669
Iraq	553.815	-	553.815
Marshall Islands	325.016	-	325.016
Malta	119.824	-	119.824
Georgia	90.990	-	90.990
United States of America	48.009	-	48.009
Singapur	32.843	-	32.843
Italy	29.354	-	29.354
Romania	21.993	-	21.993

### 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, 2020 - Balance sheet evaluation rate	7,352	9,024
As of December 30, 2020	7,345	9,018
As of December 29, 2020	7,331	8,986
As of December 28, 2020	7,422	9,073
As of December 25, 2020	7,527	9,160
As of December 24, 2020	7,540	9,186

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 7,670 for 1 USD (December 2019: TL 5,839), TL 9,337 for 1 EUR (December 2019: TL 6,487). The Bank is mainly exposed to EUR and USD currency risks.

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**Information on currency risk of the Bank:**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC<sup>(*)</sup></b>	<b>Total</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	2.627.839	6.554.536	2.681.580	11.863.955
Banks	424.653	627.394	1.581.873	2.633.920
Financial assets at fair value through profit and loss <sup>(**)</sup>	724.212	415.721	2.114.471	3.254.404
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	374	311.140	3.750	315.264
Loans and financial lease receivables <sup>(***)</sup>	6.100.765	13.251.567	83	19.352.415
Subsidiaries, associates and joint ventures	18.311	-	-	18.311
Financial Assets Measured at Amortised Cost	951.652	1.441.097	-	2.392.749
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	17.226	17.226
Intangible assets	-	-	-	-
Other assets <sup>(****)</sup>	15.137	15.003	3.520	33.660
<b>Total assets</b>	<b>10.862.943</b>	<b>22.616.458</b>	<b>6.402.503</b>	<b>39.881.904</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	242.720	256.744	3.328	502.792
Other current and profit sharing accounts	8.264.449	20.927.993	6.452.857	35.645.299
Money market borrowings	354.470	675.296	-	1.029.766
Funds provided from other financial institutions and subordinated loans	1.903.596	2.816.073	-	4.719.669
Marketable securities issued	-	-	-	-
Miscellaneous payables	72.336	103.463	11.755	187.554
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	840	15.147	11.143	27.130
<b>Total liabilities</b>	<b>10.838.411</b>	<b>24.794.716</b>	<b>6.479.083</b>	<b>42.112.210</b>
<b>Net balance sheet position</b>	<b>24.532</b>	<b>(2.178.258)</b>	<b>(76.580)</b>	<b>(2.230.306)</b>
<b>Net off balance sheet position</b>	<b>(244.207)</b>	<b>2.670.013</b>	<b>142.713</b>	<b>2.568.519</b>
Derivative financial instruments assets <sup>(*****)</sup>	22.001	3.036.480	160.497	3.218.978
Derivative financial instruments liabilities <sup>(*****)</sup>	266.208	366.467	17.784	650.459
Non-cash loans <sup>(*****)</sup>	2.160.361	3.210.278	41.055	5.411.694
<b>Prior Period</b>				
Total assets	8.748.212	17.726.357	2.780.035	29.254.604
Total liabilities	8.579.748	17.397.453	2.389.282	28.366.483
<b>Net balance sheet position</b>	<b>168.464</b>	<b>328.904</b>	<b>390.753</b>	<b>888.121</b>
<b>Net off balance sheet position</b>	<b>(122.274)</b>	<b>61.052</b>	<b>9.191</b>	<b>(52.031)</b>
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 <sup>(*****)</sup>	2.052.218	3.212.326	38.392	5.302.936

<sup>(\*)</sup> TL 2.644.380 (December 31, 2019: TL 1.324.944) 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 1.308.455 (December 31, 2019: TL 425.089) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 6.203.756 (December 31, 2019: TL 5.657.689) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

<sup>(\*\*)</sup> Derivative financial instruments are included.

<sup>(\*\*\*)</sup> The balance includes foreign currency indexed loans and financial lease receivables of TL 1.227.719 (December 31, 2019: TL 2.154.914).

<sup>(\*\*\*\*)</sup> Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 6.775 (December 31, 2019: TL 1.591) is included in other assets.

<sup>(\*\*\*\*\*)</sup> In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 275.205 (December 31, 2019: TL 174.881) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 574.820 (December 31, 2019: TL 214.726).

<sup>(\*\*\*\*\*)</sup> Does not have any effect on the net off-balance sheet position.

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### Other issues related to currency risk:

Since the bank has issued unmaturred additional Tier 1 capital amount to USD 205.000.000 (historical cost: TL 775.720) and recognized under the equity as “Other Capital Reserves”, related amount is not included in the above table.

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

The Bank does not have any associate and subsidiary quoted at Borsa İstanbul.

The Bank’s equity securities which are not quoted at Borsa Istanbul are recognized at fair values and if the fair values are not measured reliably, they are recognized at cost.

The equity securities under banking book calculated as per credit risk standard method amount to TL 59.997. 100% risk weight is applied to related whole amount (December 31, 2019: TL 89.421)

### 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.

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The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework. There exists "Liquidity Risk Management Contingency Funding Plan" in the 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.

While assessing the sectors affected by COVID 19, the Bank has benefited from analyses by foreign rating institutions published to the general public. The sectors that are expected to be affected most are ranged from high risk to low risk and all customers are reclassified as per risk groups. These customers are reassessed in following up operations, stress test and sectoral concentration analysis and related reassessments will continue in the coming periods.

### Liquidity Coverage Ratio:

Current Period	Rate of "Percentage to be taken into account" not Implemented Total Value <sup>(1)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 HIGH QUALITY LIQUID ASSETS			17.541.745	15.041.838
<b>CASH OUTFLOWS</b>				
2 Retail and Small Business Funds Collected	32.277.745	22.577.578	3.017.474	2.257.758
3 Stable Funds Collected	4.206.009	-	210.300	-
4 Less stable Funds Collected	28.071.736	22.577.578	2.807.174	2.257.758
5 Unsecured Funding other than Retail and Small Business Customers Deposits	18.289.370	11.511.164	8.638.837	5.368.906
6 Operational Funds Collected	9.604.669	7.375.474	2.401.167	1.843.869
7 Non-Operational Funds Collected	4.234.104	2.039.871	1.919.507	900.775
8 Other Unsecured Funding	4.450.597	2.095.819	4.318.163	2.624.262
9 Secured funding	-	-	-	-
10 Other Cash Outflows	2.961.137	1.835.096	2.961.137	1.835.096
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.961.137	1.835.096	2.961.137	1.835.096
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	11.674.343	5.439.205	1.122.951	664.035
<b>16 TOTAL CASH OUTFLOWS</b>			<b>15.740.399</b>	<b>10.125.795</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	7.863.193	5.384.414	6.383.806	4.658.632
19 Other contractual cash inflows	3.001.309	2.693.309	3.001.309	2.693.309
<b>20 TOTAL CASH INFLOWS</b>	<b>10.864.502</b>	<b>8.077.723</b>	<b>9.385.115</b>	<b>7.351.941</b>
<b>21 TOTAL HQLA</b>			<b>17.541.745</b>	<b>15.041.838</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>6.355.284</b>	<b>2.773.854</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>276,02</b>	<b>542,27</b>

<sup>(1)</sup> 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	213,6	361,57
Date	November 30, 2020	October 4, 2020
Highest	402,20	691,4
Date	December 18, 2020	November 14, 2020
Average	276,02	542,27

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Prior period	Rate of "Percentage to betaken into account" not Implemented Total Value <sup>(*)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(*)</sup>		
	TL+FC	FC	TL+FC	FC	
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	HIGH QUALITY LIQUID ASSETS		10.362.609	8.519.572	
<b>CASH OUTFLOWS</b>					
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
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>11.113.454</b>	<b>7.255.173</b>
<b>CASH INFLOWS</b>					
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
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>8.840.486</b>	<b>5.527.623</b>	<b>7.428.264</b>	<b>4.941.194</b>
<b>Upper limit applied amounts</b>					
<b>21</b>	<b>TOTAL HQLA</b>			<b>10.362.609</b>	<b>8.519.572</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>3.685.190</b>	<b>2.313.979</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>281,20</b>	<b>368,18</b>

<sup>(\*)</sup> 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 2019 are as follows:

Liquidity Coverage Ratio (%)	Prior 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



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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 6,91% cash, 47,64% deposits in central banks and 45,45% 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 82,02% funds collected, 17,98% funds borrowed, borrowings from money market and subordinated loans.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

The Bank manages all the transactions with its foreign branches and subsidiaries consolidated in the framework of central bank, markets and related legislation of the country in which the institutions are located. Liquidity risk of the bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with group strategies. The liquidity positions of consolidated subsidiaries are continuously monitored by the Bank.

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

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### Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated <sup>(****)</sup>	Total
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	6.164.712	7.070.296	-	-	-	-	-	13.235.008
Banks	2.469.500	755.918	152.502	-	-	-	-	3.377.920
Financial Assets at Fair Value Through Profit and Loss <sup>(1)</sup>	605.443	20.214	1.008.560	1.670.207	1.318.020	795.232	-	5.417.676
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	20.413	39.039	157.629	464.738	481.629	-	-	1.163.448
Loans <sup>(2)</sup>	277.200	4.035.336	6.146.363	11.915.515	15.446.029	1.965.579	797.326	40.583.348
Financial Assets Measured at Amortised Cost	-	17.202	519.557	948.585	1.739.456	-	-	3.224.800
Other Assets	-	-	5.681	14.410	140.564	226.354	1.926.590	2.313.599
<b>Total Assets</b>	<b>9.537.268</b>	<b>11.938.005</b>	<b>7.990.292</b>	<b>15.013.455</b>	<b>19.125.698</b>	<b>2.987.165</b>	<b>2.723.916</b>	<b>69.315.799</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	501.086	28	-	11.060	-	-	-	512.174
Other current and profit sharing accounts	22.658.289	20.605.289	5.881.560	1.905.874	49.938	-	-	51.100.950
Funds provided from other financial institutions and subordinated loans	-	3.758.625	2.897.517	625.419	1.752.866	-	-	9.034.427
Money Market Borrowings	-	2.276.453	-	-	-	-	-	2.276.453
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	329.829	98.598	49.109	99	-	1.114.731	1.592.366
Other liabilities	775.720	-	465	3.984	103.519	206.715	3.709.026	4.799.429
<b>Total Liabilities</b>	<b>23.935.095</b>	<b>26.970.224</b>	<b>8.878.140</b>	<b>2.595.446</b>	<b>1.906.422</b>	<b>206.715</b>	<b>4.823.757</b>	<b>69.315.799</b>
<b>Net Liquidity Gap</b>	<b>(14.397.827)</b>	<b>(15.032.219)</b>	<b>(887.848)</b>	<b>12.418.009</b>	<b>17.219.276</b>	<b>2.780.450</b>	<b>(2.099.841)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>(62.018)</b>	<b>(109.221)</b>	<b>(65.751)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(236.990)</b>
Financial Derivative Assets	-	918.683	1.452.662	656.191	-	-	-	3.027.536
Financial Derivative Liabilities	-	980.701	1.561.883	721.942	-	-	-	3.264.526
<b>Non-cash Loans</b>	<b>6.733.505</b>	<b>238.758</b>	<b>512.408</b>	<b>2.735.817</b>	<b>868.546</b>	<b>32.797</b>	<b>-</b>	<b>11.121.831</b>
<b>Prior period</b>								
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
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
<b>Net Liquidity Gap</b>	<b>(6.709.594)</b>	<b>(12.749.913)</b>	<b>(4.674.002)</b>	<b>5.811.148</b>	<b>17.221.852</b>	<b>1.960.710</b>	<b>(860.201)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>	<b>-</b>	<b>113</b>	<b>(108)</b>	<b>243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>248</b>
Financial Derivative Assets	-	34.764	8.644	23.261	-	-	-	66.669
Financial Derivative Liabilities	-	34.651	8.752	23.018	-	-	-	66.421
<b>Non-cash Loans</b>	<b>5.962.062</b>	<b>223.917</b>	<b>560.809</b>	<b>2.632.808</b>	<b>1.011.614</b>	<b>40.228</b>	<b>-</b>	<b>10.431.438</b>

<sup>(1)</sup> Derivative financial instruments are included.

<sup>(2)</sup> Leasing receivables are included under loans. Unallocated amount represents the net non-performing loans.

<sup>(3)</sup> 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.

<sup>(4)</sup> The unallocated other liabilities column consists of equity, provisions and (if any) deferred tax liabilities.

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**VII. Explanations on leverage ratio:**

As of December 31, 2020, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 4,52% (December 31, 2019: 5,27%). 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. The reason for the difference in leverage ratio between current and previous period is that increase in average total risk amount is higher than increase in average capital amount.

	Current Period <sup>(*)</sup>	Prior Period <sup>(*)</sup>
<b>Balance sheet assets</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	71.506.589	49.258.636
2 (Assets deducted from Core capital)	(71.840)	(59.015)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	71.434.749	49.199.621
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	70.179	5.673
5 Potential credit risk amount of derivative financial assets and credit derivatives	35.331	11.228
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	105.510	16.901
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	303.792	186.303
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)	303.792	186.303
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	13.863.342	12.250.746
11 (Correction amount due to multiplication with credit conversion rates)	3.600	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	13.866.942	12.250.746
<b>Capital and total risk</b>		
13 Core Capital	3.874.890	3.255.320
14 Total risk amount (sum of lines 3, 6, 9 and 12)	85.710.993	61.653.571
<b>Leverage ratio</b>		
15 Leverage ratio (%)	4,52	5,27

<sup>(\*)</sup> The average amounts for the last three months.

**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, 2020, and December 31, 2019, fair value hierarchy of financial investments measured at amortized cost is determined as level 1.

The fair value of loans is determined by calculating the discounted cash flows using the current market profit share rates.

Carrying value of funds collected via special current accounts and participation accounts is assumed to approximate their fair value as they are valued at year-end unit values.

The fair values of funds collected from financial institutions are determined by calculating the discounted cash flows using the current market profit share rates.

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

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

	Carrying value		Fair value	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Financial Assets</b>				
Money market placements	-	-	-	-
Banks	3.413.346	4.187.332	3.413.346	4.187.332
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.403.992	2.234.153	5.403.992	2.234.153
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1.163.448	2.014.632	1.163.448	2.014.632
Financial Assets Measured at Amortised Cost	3.224.800	1.994.319	3.082.412	2.080.268
Loans and financial lease receivables	40.583.348	29.749.139	37.787.462	27.049.301
<b>Financial Liabilities</b>				
Funds collected from banks via current accounts and profit sharing accounts	512.174	1.995.610	512.174	1.995.610
Other current and profit sharing accounts	51.100.950	37.773.798	51.100.950	37.773.798
Funds provided from other financial institutions	9.034.427	5.909.789	9.097.035	5.180.396
Marketable securities issued	2.276.453	18.237	2.276.453	18.237
Miscellaneous payables	1.592.366	1.363.786	1.592.366	1.363.786

### b. Information on fair value measurement recognized in the financial statements:

IFRS 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I);
- 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);
- Data not based on observable data regarding assets and liabilities (Level III).

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Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles are given in the table below:

<b>Current period <sup>(*)</sup></b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
<b>Financial assets</b>				
<b>Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>				
	<b>4.980.629</b>	<b>-</b>	<b>423.363</b>	<b>5.403.992</b>
Government Securities	3.768.827	-	-	3.768.827
Equity securities	10.774	-	-	10.774
Other Financial Assets	1.201.028	-	423.363	1.624.391
<b>Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>				
	<b>1.139.285</b>	<b>7.299</b>	<b>-</b>	<b>1.146.584</b>
Equity securities <sup>(**)</sup>	-	-	-	-
Government Securities	1.051.111	-	-	1.051.111
Other Financial Assets	88.174	7.299	-	95.473
<b>Derivative Financial Assets</b>				
	<b>-</b>	<b>13.684</b>	<b>-</b>	<b>13.684</b>
<b>Financial liabilities</b>				
Derivative financial liabilities	-	142.596	-	142.596

<sup>(\*)</sup> In the current period, there is no classification between level I and level II.

<sup>(\*\*)</sup> Equity securities amounting to TL 16.864 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 statement and not represented above table.

<b>Prior period <sup>(*)</sup></b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
<b>Financial assets</b>				
	<b>2.026.829</b>	<b>-</b>	<b>207.324</b>	<b>2.234.153</b>
Financial assets at fair value through profit and loss	534.322	-	-	534.322
Public sector debt securities	-	-	-	-
Equity securities	1.492.507	-	207.324	1.699.831
Derivative financial assets held for trading	2.006.613	-	-	2.006.613
<b>Financial assets- available for sale</b>				
	<b>15.293</b>	<b>-</b>	<b>-</b>	<b>15.293</b>
Equity securities <sup>(**)</sup>	1.964.425	-	-	1.964.425
Public sector debt securities	26.895	-	-	26.895
Other marketable securities	-	-	-	-
<b>Derivative Financial Liabilities</b>				
	<b>-</b>	<b>397</b>	<b>-</b>	<b>397</b>
<b>Financial liabilities</b>				
Derivative financial liabilities held for trading	-	849	-	849

<sup>(\*)</sup> In the prior period, there is no classification between level I and level II.

<sup>(\*\*)</sup> 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 statement and not represented above table.

Apart from financial assets and financial liabilities, as of December 31, 2020 and 2019, the Bank carries the real estates at fair value under tangible assets. Level III inputs are used in determining the related fair values.

**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.

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

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### 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.

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The bank's risk appetite means the amount of risk that can be accepted by the bank in order to reach the strategic targets, and it includes an acceptable variability around the targets as well.

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

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

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

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

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

### 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.

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### 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.



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

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

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

### a.2. Risk weighted amounts:

	Risk Weighted Amount		Minimum capital requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	33.336.760	27.910.534	2.666.941
2 Standardised approach (SA)	33.336.760	27.910.534	2.666.941
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	12.162	2.396	973
5 Standardised approach for counterparty credit risk (SA-CCR)	12.162	2.396	973
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 – 125% 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	5.042.837	3.764.028	403.427
17 Standardised approach (SA)	5.042.837	3.764.028	403.427
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	2.789.876	2.622.113	223.190
20 Basic Indicator Approach	2.789.876	2.622.113	223.190
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	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>41.181.635</b>	<b>34.299.071</b>	<b>3.294.531</b>

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

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### b. Financial statements and regulatory exposures reconciliation:

#### b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

Current Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				Not subject to capital requirements or deducted from capital
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk <sup>(*)</sup>	
<b>Assets</b>						
Cash and cash equivalents	16.648.354	16.648.354	-	-	-	-
Financial assets at fair value through profit and loss	5.403.992	-	175	-	5.403.992	-
Financial Assets at Fair Value through Other Comprehensive Income	1.163.448	1.163.448	-	-	-	-
Financial Assets Measured at Amortised Cost	3.224.800	3.224.800	-	-	-	-
Derivative Financial Assets	13.684	-	13.684	-	13.684	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	35.426	-	-	-	-	35.426
LOANS (Net)	40.583.348	41.161.113	-	-	-	(577.765)
Loans	40.010.530	40.003.638	-	-	-	6.892
Financial Lease Receivables	360.149	360.149	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	2.045.276	2.045.276	-	-	-	-
Expected Credit Losses (-)	1.832.607	1.247.950	-	-	-	584.657
Assets Held for Sale and Assets of Discontinued Operations (Net)	131.050	131.050	-	-	-	-
Ownership Investments	43.411	43.411	-	-	-	-
Tangible Assets (Net)	1.388.259	1.367.919	-	-	-	20.340
Intangible Assets (Net)	40.533	2.575	-	-	-	37.958
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	3.672	3.672	-	-	-	-
Deferred Tax Asset	191.314	191.314	-	-	-	-
Other Assets	515.360	515.360	-	-	-	-
<b>Total assets</b>	<b>69.315.799</b>	<b>64.453.016</b>	<b>13.859</b>	<b>-</b>	<b>5.417.676</b>	<b>(554.893)</b>
<b>Liabilities</b>						
Funds collected	51.613.124	-	-	-	-	51.613.124
Funds borrowed	7.301.865	-	-	-	-	7.301.865
Borrowings from money markets	2.276.453	-	-	-	-	2.276.453
Securities issued	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	142.596	-	-	-	-	142.596
Lease Payables	328.395	-	-	-	-	328.395
Provisions	201.243	8.698	-	-	-	192.545
Current Tax Liability	82.968	-	-	-	-	82.968
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.732.562	-	-	-	-	1.732.562
Other Liabilities	1.592.366	-	-	-	-	1.592.366
Shareholders' equity	4.044.227	-	-	-	-	4.044.227
<b>Total liabilities</b>	<b>69.315.799</b>	<b>8.698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69.307.101</b>

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

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Prior Period	Carrying values of items in accordance with Turkish Accounting Standards (TAS)					
	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk <sup>(*)</sup>	Not subject to capital requirements or deducted from capital
<b>Assets</b>						
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	-	-	-	-
<b>Total assets</b>	<b>51.392.368</b>	<b>49.305.910</b>	<b>640</b>	<b>-</b>	<b>2.234.550</b>	<b>(148.092)</b>
<b>Liabilities</b>						
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
<b>Total liabilities</b>	<b>51.392.368</b>	<b>7.569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.384.799</b>

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

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### b.2. Main reasons of the differences between the risk amounts and 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 <sup>(*)</sup>
1 Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	69.315.799	64.453.016	-	13.859	5.417.676
2 Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	8.698	-	-	-
<b>3 Total net amount within the scope of legal consolidation</b>	<b>69.315.799</b>	<b>64.444.318</b>	<b>-</b>	<b>13.859</b>	<b>5.417.676</b>
4 Off balance sheet amounts	20.658.930	6.246.299	-	36.296	-
5 Repo and similar transactions <sup>(**)</sup>	-	-	-	-	-
6 Differences in valuations	-	-	-	-	-
7 Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8 Differences arising from consideration of provisions	-	-	-	-	-
9 Differences arising from BRSA's applications	-	(14.631.053)	-	-	-
<b>10 Risk amounts</b>	<b>89.974.729</b>	<b>56.059.564</b>	<b>-</b>	<b>50.155</b>	<b>5.417.676</b>

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

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

Prior Period	Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk <sup>(*)</sup>
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	-	-	-
<b>3 Total net amount within the scope of legal consolidation</b>	<b>51.392.368</b>	<b>49.298.341</b>	<b>-</b>	<b>640</b>	<b>2.234.550</b>
4 Off balance sheet amounts	12.676.641	6.528.030	-	2.854	-
5 Repo and similar transactions <sup>(**)</sup>	-	-	-	-	-
6 Differences in valuations	-	-	-	-	-
7 Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8 Differences arising from consideration of provisions	-	-	-	-	-
9 Differences arising from BRSA's applications	-	(11.062.935)	-	-	-
<b>10 Risk amounts</b>	<b>64.069.009</b>	<b>44.763.436</b>	<b>-</b>	<b>3.494</b>	<b>2.234.550</b>

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

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

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

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

#### c. Credit risk:

##### c.1. General information on credit risk:

##### c.1.1. General qualitative information on credit risk:

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

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**c.1.2. Credit quality of assets:**

<b>Current Period</b>		<b>Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)</b>			<b>Net values</b>
		<b>Defaulted</b>	<b>Non-defaulted</b>	<b>Allowances/ amortisation and impairments</b>	
1	Loans	2.045.276	40.433.988	1.895.916	40.583.348
2	Debt securities	-	8.158.565	19.169	8.139.396
3	Off-balance sheet exposures	61.872	14.304.996	34.741	14.332.127
<b>4</b>	<b>Total</b>	<b>2.107.148</b>	<b>62.897.549</b>	<b>1.949.826</b>	<b>63.054.871</b>

<b>Prior Period</b>		<b>Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)</b>			<b>Net values</b>
		<b>Defaulted</b>	<b>Non-defaulted</b>	<b>Allowances/ amortisation and impairments</b>	
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
<b>4</b>	<b>Total</b>	<b>2.289.941</b>	<b>45.722.456</b>	<b>1.212.845</b>	<b>46.799.552</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>1 Defaulted loans and debt securities at end of the previous reporting period</b>	<b>2.289.941</b>	<b>1.950.374</b>
2 Loans and debt securities that have defaulted since the last reporting period	1.657.706	1.240.709
3 Receivables back to non-defaulted status	(1.172.677)	(90.359)
4 Amounts written off	(53.145)	(441.418)
5 Other changes	(614.677)	(369.365)
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>2.107.148</b>	<b>2.289.941</b>

**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 53.145 has been written off.

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### 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 Day	31-90 Day	Total
Current Period <sup>(1)</sup>	858.224	3.535.599	4.393.823

<sup>(1)</sup> As of December 31, 2020, under these flexibilities mentioned above, the Bank has cash receivables amount to TL 383.417 over 30 days due and TL 108.762 over 90 days due, these receivables are classified under first and second group and TL 1.390 and TL 18.472 expected credit losses have been allocated respectively. In addition, the loan amounting to TL 603.718 which was classified as Stage 3 loan before December 31, 2020, has been classified as Stage 2 loan and provision allocations continued according to Stage 3 ECL methodology for those loans.

	0-30 Day	31-90 Day	Total
Prior Period	411.986	3.665.055	4.077.041

### Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans <sup>(1)</sup>	Specific Provision <sup>(1)</sup>
Domestic	1.998.272	1.202.596
Off-shore Banking Countries	41.509	41.509
Other Countries	5.495	3.845
<b>General Total</b>	<b>2.045.276</b>	<b>1.247.950</b>

<sup>(1)</sup> Represents amounts for cash loans.

Prior Period	Non-performing Loans <sup>(1)</sup>	Specific Provision <sup>(1)</sup>
Domestic	2.184.791	934.658
Off-shore Banking Countries	32.042	8.626
Other Countries	4.890	3.347
<b>General Total</b>	<b>2.221.723</b>	<b>946.631</b>

<sup>(1)</sup> Represents amounts for cash loans.

### c.2. Credit risk mitigation

#### c.2.1 Qualitative disclosure on credit risk mitigation techniques:

On and off balance sheet offsetting agreements are not utilized.

The risk mitigators that are used in credit process in compliance with Communiqué “The Risk Mitigation Techniques” which is published at September 6, 2014 are stated below.

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

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

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

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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.

### c.2.2 Credit risk mitigation techniques:

	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
<b>Current Period</b>							
1 Loans	31.475.454	9.107.894	6.613.219	2.807.859	1.721.313	-	-
2 Debt securities	8.139.396	-	-	-	-	-	-
<b>3 Total</b>	<b>39.614.850</b>	<b>9.107.894</b>	<b>6.613.219</b>	<b>2.807.859</b>	<b>1.721.313</b>	-	-
4 Of which defaulted	622.366	174.960	75.150	2.597	1.527	-	-

	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
<b>Prior Period</b>							
1 Loans	22.484.792	7.264.347	5.079.229	1.061.069	472.864	-	-
2 Debt securities	4.525.478	-	-	-	-	-	-
<b>3 Total</b>	<b>27.010.270</b>	<b>7.264.347</b>	<b>5.079.229</b>	<b>1.061.069</b>	<b>472.864</b>	-	-
4 Of which defaulted	1.043.668	231.424	179.911	2.040	617	-	-

### c.3. Credit risk under standardised approach:

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

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

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### 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
1	Receivables from central governments or central banks	12.075.854	1.337	12.787.975	580	96	0,00%
2	Receivables from regional or local governments	263.340	-	263.708	-	131.670	49,93%
3	Receivables from administrative units and non-commercial enterprises	50.209	46.608	50.209	21.445	59.780	83,43%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	4.093.732	516.991	4.181.635	433.589	2.218.237	48,06%
7	Receivables from corporates	18.768.696	6.492.853	18.456.695	3.592.118	21.546.786	97,72%
8	Retail receivables	5.606.373	5.011.676	5.123.747	1.843.927	5.046.352	72,43%
9	Receivables secured by mortgages on property	1.280.173	69.861	1.275.375	28.386	456.071	34,98%
10	Receivables secured by mortgages on commercial property	2.260.679	609.355	2.260.679	323.546	1.316.427	50,94%
11	Past due receivables	515.372	-	514.406	-	536.483	104,29%
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	7.299	-	7.299	-	7.299	100,00%
16	Other receivables	4.831.541	13.538	4.831.540	2.708	1.957.562	40,49%
17	Equity share investments	59.997	-	59.997	-	59.997	100%
<b>18</b>	<b>Total</b>	<b>49.813.265</b>	<b>12.762.219</b>	<b>49.813.265</b>	<b>6.246.299</b>	<b>33.336.760</b>	<b>59,47%</b>

Prior Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
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%
<b>18</b>	<b>Total</b>	<b>38.235.406</b>	<b>12.102.461</b>	<b>38.235.406</b>	<b>6.528.030</b>	<b>27.910.534</b>	<b>62,35%</b>



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**c.3.3 Exposures by asset classes and risk weights:**

Risk Classes/Risk Weighted	35% secured by Property mortgage										Total risk amount (post-CCF and CRM)	
	0%	10%	20%	50%	75%	100%	150%	200%	Others	200%		
1 Receivables from central governments or central banks	12.726.101	-	-	62.358	-	96	-	-	-	-	-	12.788.555
2 Receivables from regional or local governments	-	-	-	263.708	-	-	-	-	-	-	-	263.708
3 Receivables from administrative units and non-commercial enterprises	508	-	14.208	-	-	56.938	-	-	-	-	-	71.654
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	5.103	-	2.834.996	159.870	-	1.615.255	-	-	-	-	-	4.615.224
7 Receivables from corporates	206.881	-	326.497	193.654	-	21.321.781	-	-	-	-	-	22.048.813
8 Retail receivables	136.943	-	161.768	-	6.668.963	-	-	-	-	-	-	6.967.674
9 Receivables secured by mortgages on property	2.467	-	2.726	1.293.696	4.282	590	-	-	-	-	-	1.303.761
10 Receivables secured by mortgages on commercial property	-	-	-	2.535.596	-	48.629	-	-	-	-	-	2.584.225
11 Past due receivables	56	-	4	144.754	-	180.881	188.711	-	-	-	-	514.406
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	-	-	-	-	-	7.299	-	-	-	-	-	7.299
16 Other receivables	2.241.536	-	793.938	-	-	1.798.774	-	-	-	-	-	4.834.248
17 Equity share investments	-	-	-	-	-	59.997	-	-	-	-	-	59.997
<b>18 Total</b>	<b>15.319.595</b>	<b>-</b>	<b>4.134.137</b>	<b>1.293.696</b>	<b>3.364.222</b>	<b>6.668.963</b>	<b>25.090.240</b>	<b>188.711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56.059.564</b>

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Risk Classes/Risk Weighted	Prior Period							Total risk amount (post-CCF and CRM)			
	0%	10%	20%	35% secured by Property mortgage	50%	75%	100%		150%	200%	Others
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	-	442.376	-	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	-	-	-	-	-	-	4.907	-	-	-	4.907
16 Other receivables	1.333.807	-	558.718	-	-	-	1.884.903	-	-	-	3.777.428
17 Equity share investments	-	-	-	-	-	-	89.421	-	-	-	89.421
<b>18 Total</b>	<b>9.189.252</b>	<b>-</b>	<b>3.907.636</b>	<b>442.376</b>	<b>6.320.591</b>	<b>4.846.640</b>	<b>19.813.024</b>	<b>243.917</b>	<b>-</b>	<b>-</b>	<b>44.763.436</b>

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### ç. Counterparty credit risk:

#### ç.1. Qualitative disclosure on counterparty credit risk:

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

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

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

Current Period	Replacement cost	Potential Future exposure	EEPE <sup>(1)</sup>	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1 Standardised Approach - CCR (for derivatives)	13.859	36.296		-	50.155	9.341
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					-	-
<b>6 Total</b>						<b>9.341</b>

<sup>(1)</sup> Effective Expected Positive Exposure

Prior Period	Replacement cost	Potential Future exposure	EEPE <sup>(1)</sup>	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					-	-
<b>6 Total</b>						<b>1.857</b>

<sup>(1)</sup> Effective Expected Positive Exposure

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

	Current Period		Prior Period	
	EAD post-CRM	RWA	EAD post-CRM	RWA
<b>Total portfolios subject to the Advanced CVA capital obligation</b>	-	-	-	-
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	50.155	2.821	3.494	539
<b>4 Total subject to the CVA capital obligation</b>	<b>50.155</b>	<b>2.821</b>	<b>3.494</b>	<b>539</b>

### ç.4. CCR exposures by risk class and risk weights:

Risk Classes	Current Period								Total credit exposure <sup>(1)</sup>
	Risk Weighted								
	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	38.142	-	-	-	-	-	-	-	38.142
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	2.746	951	-	-	-	-	3.697
Receivables from corporates	-	-	-	-	-	8.316	-	-	8.316
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>38.142</b>	<b>-</b>	<b>2.746</b>	<b>951</b>	<b>-</b>	<b>8.316</b>	<b>-</b>	<b>-</b>	<b>50.155</b>

<sup>(1)</sup> Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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Prior Period Risk Classes	Risk Weighted								Total credit exposure <sup>(1)</sup>
	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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.603</b>	<b>711</b>	<b>-</b>	<b>1.180</b>	<b>-</b>	<b>-</b>	<b>3.494</b>

<sup>(1)</sup> Total credit risk represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.**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	-	5.597	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5.597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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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	-	2.268	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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, 2019: 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, 2019: None).

### d. Information to be announced to public on Securitization:

There is not any information to be announced to public on securitization (December 31, 2019: 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.

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

### e.2 Market risk under standardised approach:

		Current Period	Prior Period
		RWA	RWA
<b>Outright products</b>			
1	Profit rate risk (general and specific)	479.128	87.423
2	Equity risk (general and specific)	3.213.752	3.378.324
3	Foreign exchange risk	1.225.850	197.334
4	Commodity risk	124.107	100.947
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
<b>9</b>	<b>Total</b>	<b>5.042.837</b>	<b>3.764.028</b>

### 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, 2020, 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	1.372.346	1.594.924	1.496.532	1.487.934	15	223.190
Amount subject to Operational Risk (Total*12,5)						2.789.876

### 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.

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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	(715.187)	(12,84)
TL	(-) 400bp	685.525	12,31
USD Dollar	(+) 200bp	97.872	1,76
USD Dollar	(-) 200bp	28.570	0,51
EUR	(+) 200bp	7.088	0,13
EUR	(-) 200bp	4.847	0,09
<b>Total (For Negative Shocks)</b>	-	<b>718.942</b>	<b>12,91</b>
<b>Total (For Positive Shocks)</b>	-	<b>(610.227)</b>	<b>(10,95)</b>

### 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)	(250.238)	2.162.095	1.021.088	174.025	3.106.970
Operating Expenses	(1.018.033)	(1.428.333)	(367.547)	30.678	(2.783.235)
Operating Income/Expenses	(1.268.271)	733.762	653.541	204.703	323.735
Profit/(Loss) Before Tax	(1.268.271)	733.762	653.541	204.703	323.735
Tax Expense	-	-	-	(68.998)	(68.998)
<b>Current Year Profit/(Loss)</b>	<b>(1.268.271)</b>	<b>733.762</b>	<b>653.541</b>	<b>135.705</b>	<b>254.737</b>
<b>Total Assets</b>	<b>4.029.989</b>	<b>38.161.637</b>	<b>24.154.568</b>	<b>2.969.605</b>	<b>69.315.799</b>
<b>Total Liabilities</b>	<b>33.945.848</b>	<b>19.664.470</b>	<b>11.471.190</b>	<b>4.234.291</b>	<b>69.315.799</b>

Prior 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)
<b>Current Year Profit/(Loss)</b>	<b>(1.449.583)</b>	<b>762.700</b>	<b>573.537</b>	<b>176.775</b>	<b>63.429</b>
<b>Total Assets</b>	<b>2.574.413</b>	<b>28.153.795</b>	<b>17.647.851</b>	<b>3.016.309</b>	<b>51.392.368</b>
<b>Total Liabilities</b>	<b>26.441.681</b>	<b>15.007.697</b>	<b>5.968.600</b>	<b>3.974.390</b>	<b>51.392.368</b>



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**SECTION FIVE****Explanations and notes on the unconsolidated financial statements****I. Explanations and notes related to assets:****1. a. Cash and balances with the Central Bank of Republic of Turkey (CBRT):**

	Current Period		Prior Period	
	TP	YP	TP	YP
Cash/Foreign currency	153.161	1.304.238	128.031	894.076
CBRT	1.100.016	9.074.885	1.167.687	5.902.132
Other <sup>(*)</sup>	117.876	1.484.832	130.984	572.999
<b>Total</b>	<b>1.371.053</b>	<b>11.863.955</b>	<b>1.426.702</b>	<b>7.369.207</b>

<sup>(\*)</sup> Includes precious metals amounting to TL 758.583 (December 31, 2019: TL 145.266) and cash in transit amounting to TL 844.125 (December 31, 2019: TL 558.717) as of December 31, 2020.

**b. Information related to CBRT:**

	Current Period		Prior Period	
	TP	YP	TP	YP
Unrestricted demand deposit	1.092.052	2.012.553	1.167.543	1.279.517
Unrestricted time deposit	-	-	-	-
Restricted time deposit <sup>(*)</sup>	7.964	7.062.332	144	4.622.615
<b>Total</b>	<b>1.100.016</b>	<b>9.074.885</b>	<b>1.167.687</b>	<b>5.902.132</b>

<sup>(\*)</sup> As of December 31, 2020, the reserve requirement held in standard gold is TL 1.885.797 (December 2019: TL 1.179.678)

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 per the regulation by CBRT dated November 27, 2020, the commission is paid to CBRT from foreign exchange reserves except USD kept at required reserves and foreign exchange call deposits.

As of December 31, 2020, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 2% to 7% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 23% depending on maturity of deposits.

In accordance with the “Communiqué Regarding the Reserve Requirements”, the income ratio is 12% for TL reserves.

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### c.1. Information on bank

	Current Period		Prior Period	
	TP	YP	TP	YP
<b>Banks</b>				
Domestic <sup>(*)</sup>	779.426	1.427.623	1.102.737	840.048
Abroad	-	1.206.297	-	2.244.547
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>779.426</b>	<b>2.633.920</b>	<b>1.102.737</b>	<b>3.084.595</b>

<sup>(\*)</sup> Includes blockaged amount TL 764.198 (December 31, 2019: 1.032.679) booked under TL accounts arising from POS transactions.

### c.2. Information on foreign bank accounts:

	Current period		Prior Period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	426.757	-	796.257	-
USA and Canada	247.689	-	1.104.077	-
OECD Countries <sup>(*)</sup>	26.696	-	95.442	-
Off-shore banking regions	8.040	-	5.232	-
Other <sup>(**)</sup>	396.892	100.223	220.548	22.991
<b>Total</b>	<b>1.106.074</b>	<b>100.223</b>	<b>2.221.556</b>	<b>22.991</b>

<sup>(\*)</sup> OECD countries other than EU countries, USA and Canada.

<sup>(\*\*)</sup> Represents the balance amounts to TL 330.923 in Iraq Banks belonging to Bank's foreign branch "Erbil" (December 31, 2019: TL 153.234).

## 2. Financial assets measured at fair value through profit or loss:

### a. Information on financial assets measured at fair value through profit/loss subject to repurchase transactions and given as collateral or blocked:

As of December 31, 2020, nominal amounts subject to repurchase agreements is TL 1.451.613 (December 31, 2019: TL 13.931).

As of December 31, 2020, the collateralized /blocked nominal amount is TL 5.655 (December 31, 2019: TL 895).

### b. Financial assets measured at fair value through profit/loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment fund participation certificates (Net) <sup>(*)</sup>	1.606.875	-	1.689.164	-
Sukuk	542.627	3.232.684	109.688	435.301
Equity Securities	-	10.774	-	-
Other	86	10.946	-	-
<b>Total</b>	<b>2.149.588</b>	<b>3.254.404</b>	<b>1.798.852</b>	<b>435.301</b>

<sup>(\*)</sup> 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", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu".

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

As of December 31, 2020, nominal amounts subject to repurchase agreements is TL 163.856 (December 31, 2019: TL 1.075).

As of December 31, 2020, there is not any amount given as a collateral or blocked (December 31, 2019: TL 355.481).

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Debt Securities</b>	<b>1.142.096</b>	<b>1.988.590</b>
Quoted on a stock exchange	1.142.096	1.988.590
Unquoted	-	-
<b>Investment Funds</b>	<b>7.299</b>	<b>4.907</b>
Quoted on a stock exchange	-	-
Unquoted	7.299	4.907
<b>Share Certificates</b>	<b>16.864</b>	<b>23.312</b>
Quoted on a stock exchange	-	15.293
Unquoted	16.864	8.019
<b>Impairment Provision (-)</b>	<b>2.811</b>	<b>2.177</b>
<b>Total</b>	<b>1.163.448</b>	<b>2.014.632</b>

**4. Information on financial assets measured at amortised cost:****a) Information on subject to repurchase transactions, given as collateral or blocked:**

As of December 31, 2020, nominal amounts subject to repurchase agreements is TL 421.831(December 31, 2019: None)

As of December 31, 2020, the collateralized/blocked nominal amount is TL 290.072 (December 31, 2019: None)

**b) Information on related to government securities measured at amortised cost:**

	<b>Current Period</b>	<b>Prior Period</b>
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities <sup>(1)</sup>	3.224.800	1.934.483
<b>Total</b>	<b>3.224.800</b>	<b>1.934.483</b>

<sup>(1)</sup> Consists of sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

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### c) Information related to financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	3.224.800	1.994.319
Quoted on a stock exchange	3.224.800	1.994.319
Unquoted	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>3.224.800</b>	<b>1.994.319</b>

### ç) Movements of the financial investments measured at amortised cost:

	Current Period	Prior Period
Balance at beginning of period	1.994.319	618.506
Foreign currency differences on monetary assets	424.544	32.804
Purchases during period <sup>(1)</sup>	1.740.999	1.498.768
Disposals through sales and redemptions <sup>(1)</sup>	(957.473)	(191.868)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	22.411	36.109
<b>Closing balance</b>	<b>3.224.800</b>	<b>1.994.319</b>

<sup>(1)</sup> 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	5.725	-	138	-
Swap Transactions	7.959	-	-	259
Futures Transactions	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>13.684</b>	<b>-</b>	<b>138</b>	<b>259</b>

The Bank has not any derivative financial assets for hedging purposes. (December 31, 2019: None).

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**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	119.171	12.696	164.966	39.387
Corporate shareholders	114.657	12.346	164.690	39.037
Real person shareholders	4.514	350	276	350
Indirect loans granted to shareholders	818.807	34.537	632.926	27.308
Loans granted to employees	16.439	2.000	15.236	2
<b>Total</b>	<b>954.417</b>	<b>49.233</b>	<b>813.128</b>	<b>66.697</b>

**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**

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Amendments to the Terms of Contracts	Restructured Refinancing
<b>Cash Loans</b>				
<b>Loans</b>	<b>36.496.372</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>
Export loans	2.135.811	7.051	-	-
Import loans	2.767.225	26.060	29.495	-
Business loans	16.728.565	1.471.553	825.171	676.532
Consumer loans	3.783.301	60.337	15.812	-
Credit cards	452.169	2.326	-	-
Loans given to financial sector	1.625.242	-	-	-
Other <sup>(*)</sup>	9.004.059	50.256	309.957	39.608
Other receivables	-	-	-	-
<b>Total</b>	<b>36.496.372</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>

(\*) Details of other loans are provided below:

Commercial loans with installments	2.315.066
Other investment credits	1.168.616
Loans given to abroad	2.397.739
Profit and loss sharing investments <sup>(**)</sup>	3.200.820
Loans for purchase of marketable securities for customer	301.110
Other	20.529
<b>Total</b>	<b>9.403.880</b>

(\*\*) As of December 31, 2020, 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, 2020, 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 94.353 for 2020 (TL 97.309 valuation profit, TL 2.956 valuation loss) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 252.543 and valuation loss is TL 61.984 for profit and loss sharing investments.

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### Prior Period

Cash Loans	Loans Under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring or Rescheduling	Restructured Amendments to the Terms of Contracts	Refinancing
<b>Loans</b>	<b>24.762.708</b>	<b>2.829.986</b>	<b>268.876</b>	<b>553.950</b>
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 <sup>(*)</sup>	6.026.908	171.117	53.823	137.088
Other receivables	-	-	-	-
<b>Total</b>	<b>24.762.708</b>	<b>2.829.986</b>	<b>268.876</b>	<b>553.950</b>

<sup>(\*)</sup> 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 <sup>(**)</sup>	2.673.428
Loans for purchase of marketable securities for customer	283.110
Other	68.227
<b>Total</b>	<b>6.388.936</b>

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

### 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	159.543	-
Significant Increase in Credit Risk	-	425.114
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	100.058	-
Significant Increase in Credit Risk	-	85.093

### c. Maturity analysis of cash loans:

Cash Loans	Loans Under Follow-Up		
	Standard Loans	Non-restructured	Restructured
<b>Current Period</b>			
Short term loans	8.976.396	249.586	-
Medium and long-term loans <sup>(*)</sup>	27.519.976	1.367.997	1.896.575
<b>Total</b>	<b>36.496.372</b>	<b>1.617.583</b>	<b>1.896.575</b>

<sup>(\*)</sup> Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

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<b>Cash Loans Prior Period</b>	<b>Loans Under Follow-Up</b>		
	<b>Standard Loans</b>	<b>Non-restructured</b>	<b>Restructured</b>
Short term loans	5.858.202	213.376	-
Medium and long-term loans <sup>(*)</sup>	18.904.506	2.616.610	822.826
<b>Total</b>	<b>24.762.708</b>	<b>2.829.986</b>	<b>822.826</b>

(\*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Consumer loans-TL</b>	<b>42.891</b>	<b>3.804.906</b>	<b>3.847.797</b>
Housing loans	13.476	3.272.095	3.285.571
Vehicle loans	10.696	403.853	414.549
Consumer loans	18.719	128.958	147.677
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>892</b>	<b>892</b>
Housing loans	-	892	892
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>116.069</b>	<b>214</b>	<b>116.283</b>
With installment	41.698	203	41.901
Without installment	74.371	11	74.382
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>8.595</b>	<b>2.166</b>	<b>10.761</b>
Housing loans	-	445	445
Vehicle loans	98	1.612	1.710
Consumer loans	8.497	109	8.606
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>5.658</b>	<b>20</b>	<b>5.678</b>
With installment	2.842	20	2.862
Without installment	2.816	-	2.816
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>173.213</b>	<b>3.808.198</b>	<b>3.981.411</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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Prior Period	Short-term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>42.191</b>	<b>2.378.802</b>	<b>2.420.993</b>
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	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>212</b>	<b>212</b>
Housing loans	-	212	212
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>104.320</b>	<b>172</b>	<b>104.492</b>
With installment	33.424	164	33.588
Without installment	70.896	8	70.904
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>7.948</b>	<b>1.544</b>	<b>9.492</b>
Housing loans	-	11	11
Vehicle loans	140	827	967
Consumer loans	7.808	706	8.514
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>5.723</b>	<b>21</b>	<b>5.744</b>
With installment	2.541	21	2.562
Without installment	3.182	-	3.182
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>160.182</b>	<b>2.380.751</b>	<b>2.540.933</b>



**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020**

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

**d. Information on commercial loans with installments and corporate credit cards:**

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>168.471</b>	<b>1.764.204</b>	<b>1.932.675</b>
Business loans	6.845	442.011	448.856
Vehicle loans	118.689	990.948	1.109.637
Consumer loans	42.937	331.245	374.182
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>115.144</b>	<b>115.144</b>
Business loans	-	65.599	65.599
Vehicle loans	-	9.475	9.475
Consumer loans	-	40.070	40.070
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>1.108</b>	<b>266.139</b>	<b>267.247</b>
Business loans	391	96.700	97.091
Vehicle loans	717	117.604	118.321
Consumer loans	-	51.835	51.835
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>331.662</b>	<b>872</b>	<b>332.534</b>
With installment	108.231	825	109.056
Without installment	223.431	47	223.478
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>501.241</b>	<b>2.146.359</b>	<b>2.647.600</b>

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>58.262</b>	<b>756.177</b>	<b>814.439</b>
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	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>199.773</b>	<b>199.773</b>
Business loans	-	101.807	101.807
Vehicle loans	-	23.898	23.898
Consumer loans	-	74.068	74.068
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>4.714</b>	<b>188.075</b>	<b>192.789</b>
Business loans	-	113.768	113.768
Vehicle loans	4.714	32.017	36.731
Consumer loans	-	42.290	42.290
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>275.382</b>	<b>252</b>	<b>275.634</b>
With installment	71.610	235	71.845
Without installment	203.772	17	203.789
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>338.358</b>	<b>1.144.277</b>	<b>1.482.635</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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### e. Allocation of loans by customers:

	Current Period	Prior Period
Public	333.571	227.525
Private	39.676.959	28.187.995
<b>Total</b>	<b>40.010.530</b>	<b>28.415.520</b>

### f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	37.612.791	26.716.668
Foreign loans	2.397.739	1.698.852
<b>Total</b>	<b>40.010.530</b>	<b>28.415.520</b>

### g. Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TP	YP	TP	YP
Direct Loans Granted to Subsidiaries and Associates	3	-	3	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
<b>Total</b>	<b>3</b>	<b>-</b>	<b>3</b>	<b>-</b>

### ğ. Specific provisions for loans or provisions for default loans (stage 3):

	Current Period	Prior Period
Loans with limited collectability	133.510	250.661
Loans with doubtful collectability	92.404	114.063
Uncollectible loans	1.022.036	581.907
<b>Total</b>	<b>1.247.950</b>	<b>946.631</b>

Specific provisions in the amount of TL 1.247.950 (December 31, 2019: TL 946.631) comprise TL 441.674 (December 31, 2019: TL 418.351) of participation account share of loans provided from participation accounts.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020**

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**h. Information on non-performing loans (net):****h.1. Information on non-performing and restructured loans:**

	<b>Group III Loans with limited collectability</b>	<b>Group IV Loans with doubtful collectability</b>	<b>Group V Uncollectable loans</b>
<b>Current period</b>			
Gross amount before specific provisions	-	2.074	80.452
Restructured loans	-	2.074	80.452
<b>Prior Period</b>			
Gross amount before specific provisions	1.645	42.080	92.590
Restructured loans	1.645	42.080	92.590

**h.2. Movements of total non-performing loans:**

	<b>Group III Loans with limited collectability</b>	<b>Group IV Loans with doubtful collectability</b>	<b>Group V Uncollectable loans</b>
<b>Current Period</b>			
<b>Closing balance of prior period</b>	<b>466.434</b>	<b>319.648</b>	<b>1.435.641</b>
Additions in the current period (+)	818.060	353.978	485.668
Transfers from other categories of non-performing loans (+)	-	962.814	1.067.134
Transfers to other categories of non-performing loans (-)	962.814	1.067.134	-
Collections in the current period (-)	58.691	132.195	417.445
Transfers to standard loans and write off(-) <sup>(1)</sup>	69.124	196.751	959.947
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>193.865</b>	<b>240.360</b>	<b>1.611.051</b>
Provisions (-)	133.510	92.404	1.022.036
<b>Net balance at the balance sheet</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>

<sup>(1)</sup>According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 1.172.677 and the written off amount is TL 53.145. These transactions' impact to NPL ratio is 289 basis point. As stated in Note VII "Expected Credit Losses", The Bank has reclassified TL 603.718 as performing loans classified as non performing loans before July 31,2020 by approximation. The Bank has continued to allocate NPL provisions to related credits.

Non-performing loans in the amount of TL 2.045.276 comprise TL 875.152 of participation account share of loans provided from participation accounts.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
<b>Prior Period</b>			
<b>Closing balance of prior period</b>	<b>346.493</b>	<b>341.237</b>	<b>1.200.817</b>
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 and write off(-) <sup>(*)</sup>	9.200	82.368	440.209
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other <sup>(**)</sup>	-	-	-
<b>Closing balance of the current period</b>	<b>466.434</b>	<b>319.648</b>	<b>1.435.641</b>
Specific provisions (-)	250.661	114.063	581.907
<b>Net balance at the balance sheet</b>	<b>215.773</b>	<b>205.585</b>	<b>853.734</b>

<sup>(\*)</sup>According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the written off amount is TL 441.418 and its effect to NPL ratio is 131 basis point.

Non-performing loans in the amount of TL 2.221.723 comprise TL 1.120.746 of participation account share of loans provided from participation accounts.

### h.3. Non-performing loans and other receivables in foreign currencies:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
<b>Current period:</b>			
Period end balance	147.246	57.915	403.144
Provision (-)	113.479	36.969	352.207
<b>Net balance</b>	<b>33.767</b>	<b>20.946</b>	<b>50.937</b>
<b>Prior period:</b>			
Period end balance	262.392	19.248	99.860
Specific provision (-)	162.380	5.990	48.339
<b>Net balance</b>	<b>100.012</b>	<b>13.258</b>	<b>51.521</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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### h.4. Gross and net amounts of non-performing loans according to user groups:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
<b>Current period (net)</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>
Loans to individuals and corporates (gross)	193.865	240.360	1.611.051
Provision (-)	133.510	92.404	1.022.036
<b>Loans to individuals and corporates (net)</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (net)<sup>(*)</sup></b>	<b>215.773</b>	<b>205.585</b>	<b>853.734</b>
Loans to individuals and corporates (gross)	466.434	319.648	1.435.641
Specific provision (-)	250.661	114.063	581.907
<b>Loans to individuals and corporates (net)</b>	<b>215.773</b>	<b>205.585</b>	<b>853.734</b>
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
<b>Other loans and receivables (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

### h.5. Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
<b>Current Period (Net)</b>	<b>10.116</b>	<b>43.507</b>	<b>139.389</b>
Profit Share Accruals and Valuation Differences	17.782	48.384	264.252
Provision (-)	7.666	4.877	124.863
<b>Prior Period (Net)</b>	<b>19.373</b>	<b>43.571</b>	<b>180.590</b>
Profit Share Accruals and Valuation Differences	25.237	58.290	279.633
Provision (-)	5.864	14.719	99.043

#### i. Liquidation policy for uncollectible loans:

Loans determined as uncollectible are liquidated through starting legal follow up and by converting the guarantees into cash.

#### i. Information on write-off policies:

The write-off policy of the Bank for receivables under follow up is to retire the receivables from assets in case of determination of the inability of collection through follow-up by the decision of Bank management. As of December 31, 2020, loans which deemed uncollectible amounts to TL 53.145 have been written off as per the decision taken by the bank management (December 31, 2019: TL 441.418).

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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### 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	84.351	75.566	54.436	36.045
1 to 4 years	281.824	261.742	137.190	126.827
More than 4 years	27.587	22.841	83.308	80.806
<b>Total</b>	<b>393.762</b>	<b>360.149</b>	<b>274.934</b>	<b>243.678</b>

#### b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	393.762	274.934
Unearned financial lease receivable (-)	33.613	31.256
<b>Net receivable from financial leases</b>	<b>360.149</b>	<b>243.678</b>

#### 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 Restructured			
	Standard Loans	Not Under the Scope of Restructuring or Rescheduling	Loans with Revised Contract Terms	Refinancing
<b>Current Period</b>				
Financial lease receivables (Net)	338.708	2.709	18.732	-
<b>Prior Period</b>				
Financial lease receivables (Net)	231.435	10.337	1.906	-

### 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	124.480	649.688
Additions	248.530	159.027
Disposals	(142.005)	(62.075)
Transfers <sup>(1)</sup>	(98.357)	(835.806)
Impairment Provision(-)/Reversal of Impairment Provision <sup>(1)</sup>	(1.598)	213.646
<b>Net closing balance</b>	<b>131.050</b>	<b>124.480</b>

<sup>(1)</sup>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, 2020, TL 131.042 (December 31, 2019: TL 123.357) of the assets held for sale is comprised of real estates, TL 8 (December 31, 2019: TL 1.123) 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  
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**9. Ownership investments:****a. Associates:****a.1. Information on unconsolidated associates:**

As of balance sheet date, the Bank does not have any unconsolidated associates.

**a.2. Information on consolidated associates:**

As of balance sheet date, the Bank does not have any consolidated associates.

**b. Information on subsidiaries (net):****b1. Information on unconsolidated non financial subsidiaries:**

As of balance sheet date, the Bank does not have any non financial subsidiaries.

**b2. Information on consolidated subsidiaries:****i.** The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2020.

<b>Name</b>	<b>Address (City/Country)</b>	<b>Bank's share percentage- If different voting percentage (%)</b>	<b>Risk share percentage of other shareholders (%)</b>
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	100,00	-

<b>Total assets</b>	<b>Shareholders' equity</b>	<b>Total fixed assets</b>	<b>Dividend or profit share income</b>	<b>Income from marketable securities</b>	<b>Current period profit/loss</b>	<b>Prior years profit/loss</b>	<b>Fair value</b>
4.242.252	173	-	-	-	16	107	-

**ii.** The balances of Değer Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2020.

<b>Name</b>	<b>Address (City/Country)</b>	<b>Bank's share percentage- If different voting percentage (%)</b>	<b>Risk share percentage of other shareholders (%)</b>
Değer Varlık Kiralama A.Ş.	İstanbul / Türkiye	100,00	-

<b>Total assets</b>	<b>Shareholders' equity</b>	<b>Total fixed assets</b>	<b>Dividend or profit share income</b>	<b>Income from marketable securities</b>	<b>Current period profit/loss</b>	<b>Prior years profit/loss</b>	<b>Fair value</b>
57	50	-	-	-	-	-	-

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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iii. In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of “Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to “Albaraka Portföy Yönetimi A.Ş.” upon the decision of “2018 Extraordinary General Assembly” dated December 20, 2017. As of December 31, 2020, the capital of the company is TL 29.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from unaudited financial statements as of December 31, 2020.

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
50.884	47.724	1.257	3.843	-	16.823	412	-

iv. As of December 31, 2020 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
936.137 €	637.541 €	-	-	-	(1.116.963) €	(1.181.277) €	-

### v. Movement and sectoral information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	23.711	11.307
Movements inside the term	(300)	12.404
Purchases/new incorporations/capital increases/capital decreases(-)	(300)	12.404
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	23.411	23.711
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	23.411	23.711



# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

### 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, 2020 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	264.735	3.807.041	3.829.639	239.037	(197.239)

Investment in joint venture in the unconsolidated financial statements is carried at cost.

### 10. Information on tangible assets:

Current period	Immovables <sup>(*)</sup>	Leased tangible assets	Vehicles	Other <sup>(*)</sup>	Assets held for sale	Total
<b>Cost</b>						
<b>Opening balance: January 1, 2020</b>	<b>793.873</b>	<b>-</b>	<b>737</b>	<b>308.648</b>	<b>743.088</b>	<b>1.846.346</b>
Additions	41.159	-	185	70.307	-	111.651
Revaluation differences	41.708	-	-	-	-	41.708
Disposals	-	-	-	(13.270)	(290.271)	(303.541)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	4.080	4.080
Transfers	-	-	-	-	98.357	98.357
<b>Ending balance: December 31, 2020</b>	<b>876.740</b>	<b>-</b>	<b>922</b>	<b>365.685</b>	<b>555.254</b>	<b>1.798.601</b>
<b>Accumulated depreciation(-)</b>						
<b>Opening balance: January 1, 2020</b>	<b>112.284</b>	<b>-</b>	<b>606</b>	<b>214.625</b>	<b>2.416</b>	<b>329.931</b>
Depreciation expense	52.996	-	100	56.715	-	109.811
Reversal of depreciation of the disposed assets	-	-	-	(29.304)	(96)	(29.400)
Transfers	-	-	-	-	-	-
<b>Ending balance: December 31, 2020</b>	<b>165.280</b>	<b>-</b>	<b>706</b>	<b>242.036</b>	<b>2.320</b>	<b>410.342</b>
<b>Total cost at the end of the year</b>	<b>876.740</b>	<b>-</b>	<b>922</b>	<b>365.685</b>	<b>555.254</b>	<b>1.798.601</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(165.280)</b>	<b>-</b>	<b>(706)</b>	<b>(242.036)</b>	<b>(2.320)</b>	<b>(410.342)</b>
<b>Closing net book value</b>	<b>711.460</b>	<b>-</b>	<b>216</b>	<b>123.649</b>	<b>552.934</b>	<b>1.388.259</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
<b>Cost</b>						
<b>Opening balance: January 1, 2019</b>	<b>445.917</b>	<b>-</b>	<b>733</b>	<b>267.945</b>	<b>187.356</b>	<b>901.951</b>
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
<b>Ending balance: December 31, 2019</b>	<b>793.873</b>	<b>-</b>	<b>737</b>	<b>308.648</b>	<b>743.088</b>	<b>1.846.346</b>
<b>Accumulated depreciation(-)</b>						
<b>Opening balance: January 1, 2019</b>	<b>55.622</b>	<b>-</b>	<b>539</b>	<b>187.214</b>	<b>3.127</b>	<b>246.502</b>
Depreciation expense	56.735	-	67	42.191	-	98.993
Reversal of depreciation of the disposed assets	(73)	-	-	(14.780)	(711)	(15.564)
Transfers	-	-	-	-	-	-
<b>Ending balance: December 31, 2019</b>	<b>112.284</b>	<b>-</b>	<b>606</b>	<b>214.625</b>	<b>2.416</b>	<b>329.931</b>
<b>Total cost at the end of the year</b>	<b>793.873</b>	<b>-</b>	<b>737</b>	<b>308.648</b>	<b>743.088</b>	<b>1.846.346</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(112.284)</b>	<b>-</b>	<b>(606)</b>	<b>(214.625)</b>	<b>(2.416)</b>	<b>(329.931)</b>
<b>Closing net book value</b>	<b>681.589</b>	<b>-</b>	<b>131</b>	<b>94.023</b>	<b>740.672</b>	<b>1.516.415</b>

As of December 31, 2020, the immovables of the Bank have been revalued by an independent valuer and revaluation fund of TL 300.370 (December 31, 2019: TL 270.910) 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 518.049 (December 31, 2019: TL 475.522), their amortisations amounting to TL 77.788 (December 31, 2019: TL 66.192), net carrying value is TL 440.261 (December 31, 2019: TL 409.330). As of December 31, 2020, the cost of the movables and immovable recognized as "right of use" under tangible assets accordance with "IFRS 16 Leases" standard in the balance sheet of the Bank is TL 400.880 (December 31, 2019: TL 340.638), related amortisations amounting to TL 104.546 (December 31, 2019: TL 56.909).

### 11. Information on intangible assets:

#### a) Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Gross book value	197.843	168.113
Accumulated depreciation (-)	157.310	137.578
<b>Total (net)</b>	<b>40.533</b>	<b>30.535</b>

#### b) Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	30.535	31.419
Additions	29.382	16.925
Disposals (-) (net)	32	-
Depreciation expense (-)	19.352	17.809
<b>Closing net book value</b>	<b>40.533</b>	<b>30.535</b>

### 12. Information on investment property:

None (December 31, 2019: None).

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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### 13. Information related to deferred tax asset:

As of December 31, 2020, the Bank calculated net deferred tax asset of TL 191.314 (December 31, 2019: TL 166.390) by netting off deferred tax asset of TL 277.217 (December 31, 2019: TL 229.752) and deferred tax liability of TL 85.903 (December 31, 2019: TL 63.362) 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	46.315	56.241
Provisions for retirement premium and vacation pay liabilities	28.928	20.112
Difference between carrying value and tax base of tangible assets (amortisation differences)	33.517	20.010
Depreciation of tangible assets	42.304	42.801
Provisions for cases on trial	4.037	3.444
Revaluation difference of financial assets measured at fair value through other comprehensive income	-	-
Provisions	63.397	24.961
Leasing profit share expenses	23.098	11.832
Other <sup>(1)</sup>	35.621	50.351
<b>Deferred tax asset</b>	<b>277.217</b>	<b>229.752</b>
Revaluation difference of property	24.803	21.063
Rediscount on profit share	9.333	8.445
Right of use assets	40.006	19.710
Other	11.761	14.144
<b>Deferred tax liability</b>	<b>85.903</b>	<b>63.362</b>
<b>Deferred tax asset (net)</b>	<b>191.314</b>	<b>166.390</b>

<sup>(1)</sup> Includes tax asset amounts to TL 6.402 calculated from financial losses (December 31, 2019: TL 55.794). Since the Bank has projections on that it will acquire adequate taxable income to deduct these amounts in the coming periods, it has recognized TL 6.402 as deferred tax asset.

### 14. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 515.360 (December 31, 2019: TL 525.865) 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, 2020

(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
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>1.992.760</b>	-	-	-	-	-	-	-	<b>1.992.760</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>2.463.568</b>	<b>4.087.946</b>	<b>153.137</b>	-	<b>26.584</b>	<b>499.675</b>	<b>12.971</b>	<b>7.243.881</b>
<b>III. Current Account other-TL</b>	<b>2.641.808</b>	-	-	-	-	-	-	-	<b>2.641.808</b>
Public Sector	105.782	-	-	-	-	-	-	-	105.782
Commercial Institutions	2.402.259	-	-	-	-	-	-	-	2.402.259
Other Institutions	114.555	-	-	-	-	-	-	-	114.555
Commercial and Other Institutions	9.858	-	-	-	-	-	-	-	9.858
Banks and Participation Banks	9.354	-	-	-	-	-	-	-	9.354
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	9.338	-	-	-	-	-	-	-	9.338
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>455.400</b>	<b>3.016.812</b>	<b>32.117</b>	-	<b>8.231</b>	<b>74.024</b>	-	<b>3.586.584</b>
Public Sector	-	27	108	-	-	-	-	-	135
Commercial Institutions	-	383.245	2.756.996	25.207	-	7.715	70.716	-	3.243.879
Other Institutions	-	71.921	258.159	6.910	-	516	3.308	-	340.814
Commercial and Other Institutions	-	207	1.521	-	-	-	-	-	1.728
Banks and Participation Banks	-	-	28	-	-	-	-	-	28
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>6.905.657</b>	-	-	-	-	-	-	-	<b>6.905.657</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>3.833.633</b>	<b>6.121.582</b>	<b>554.465</b>	-	<b>33.262</b>	<b>1.521.954</b>	<b>5.708</b>	<b>12.070.604</b>
<b>VII. Other Current Accounts FC</b>	<b>8.115.898</b>	-	-	-	-	-	-	-	<b>8.115.898</b>
Residents in Turkey-Corporate	5.966.305	-	-	-	-	-	-	-	5.966.305
Residents Abroad-Corporate	1.657.861	-	-	-	-	-	-	-	1.657.861
Banks and Participation Banks	491.732	-	-	-	-	-	-	-	491.732
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	485.345	-	-	-	-	-	-	-	485.345
Participation Banks	6.387	-	-	-	-	-	-	-	6.387
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	<b>691.876</b>	<b>2.067.408</b>	<b>57.440</b>	-	<b>14.922</b>	<b>19.547</b>	<b>983</b>	<b>2.852.176</b>
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	578.194	1.863.815	51.626	-	7.183	16.155	983	2.517.956
Other institutions	-	19.257	38.631	8	-	-	-	-	57.896
Commercial and Other Institutions	-	94.425	164.962	5.806	-	-	71	-	265.264
Banks and Participation Banks	-	-	-	-	-	7.739	3.321	-	11.060
<b>IX. Precious Metals Deposits</b>	<b>3.503.252</b>	<b>730.043</b>	<b>1.795.960</b>	<b>85.342</b>	-	<b>14.686</b>	<b>73.309</b>	<b>1.164</b>	<b>6.203.756</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>23.159.375</b>	<b>8.174.520</b>	<b>17.089.708</b>	<b>882.501</b>	-	<b>97.685</b>	<b>2.188.509</b>	<b>20.826</b>	<b>51.613.124</b>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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(Thousand of Turkish Lira (TL) unless otherwise stated)

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>1.683.275</b>	-	-	-	-	-	-	-	<b>1.683.275</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>2.908.832</b>	<b>5.077.473</b>	<b>207.355</b>	-	<b>34.125</b>	<b>401.888</b>	<b>13.686</b>	<b>8.643.359</b>
<b>III. Current Account other-TL</b>	<b>2.516.120</b>	-	-	-	-	-	-	-	<b>2.516.120</b>
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	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>366.484</b>	<b>1.329.289</b>	<b>41.872</b>	-	<b>56.180</b>	<b>59.858</b>	<b>183</b>	<b>1.853.866</b>
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
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>3.978.509</b>	-	-	-	-	-	-	-	<b>3.978.509</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>3.281.952</b>	<b>5.189.583</b>	<b>463.346</b>	-	<b>30.296</b>	<b>1.062.696</b>	<b>1.388</b>	<b>10.029.261</b>
<b>VII. Other Current Accounts FC</b>	<b>4.845.801</b>	-	-	-	-	-	-	-	<b>4.845.801</b>
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	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	<b>498.817</b>	<b>2.893.485</b>	<b>612.470</b>	-	<b>6.545</b>	<b>14.971</b>	<b>27</b>	<b>4.026.315</b>
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
<b>IX. Precious Metals Deposits</b>	<b>878.269</b>	<b>285.168</b>	<b>954.585</b>	<b>27.361</b>	-	<b>9.509</b>	<b>37.828</b>	<b>182</b>	<b>2.192.902</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools -FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>13.901.974</b>	<b>7.341.253</b>	<b>15.444.415</b>	<b>1.352.404</b>	-	<b>136.655</b>	<b>1.577.241</b>	<b>15.466</b>	<b>39.769.408</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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### b. Information on participation fund under the guarantee of insurance:

#### b.1. Under the guarantee of Insurance and Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance	Under the guarantee of Insurance	Exceeding the guarantee of Insurance	Exceeding the guarantee of Insurance
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	4.996.232	5.855.401	4.241.399	4.471.232
Foreign currency accounts	6.815.438	4.485.043	17.579.364	11.489.849
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	101.643	40.415
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	17.468	16.974
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	-	-

## 2. Information on borrowings:

### a.1. Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	2.211.237	-	978.465
Loans Obtained from Issued Lease Certificates (Sukuk )	4.242.982	-	2.743.027	-
Other	71.776	775.870	100.219	712.914
<b>Total</b>	<b>4.314.758</b>	<b>2.987.107</b>	<b>2.843.246</b>	<b>1.691.379</b>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**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	4.314.758	392.353	2.843.246	252.151
Loans from foreign banks, institutions and funds	-	2.594.754	-	1.439.228
<b>Total</b>	<b>4.314.758</b>	<b>2.987.107</b>	<b>2.843.246</b>	<b>1.691.379</b>

**a.3. Maturity analysis of funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	4.284.444	2.754.315	2.813.166	1.129.603
Medium and Long-Term	30.314	232.792	30.080	561.776
<b>Total</b>	<b>4.314.758</b>	<b>2.987.107</b>	<b>2.843.246</b>	<b>1.691.379</b>

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

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

**3. Information on derivative financial liabilities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	3.850	-	504	41
Swap transactions	138.746	-	-	304
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>142.596</b>	<b>-</b>	<b>504</b>	<b>345</b>

The Bank has not any derivative financial liabilities for hedging purposes (December 31, 2019: None).

**4. Lease payables:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	4.449	-	6.291	-
1 to 5 years	103.519	714	81.724	1.199
Over 5 years	206.716	12.997	199.740	11.706
<b>Total</b>	<b>314.684</b>	<b>13.711</b>	<b>287.755</b>	<b>12.905</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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### 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 120.932 (December 31, 2019: TL 85.961), vacation pay liability amounting to TL 13.709 (December 31, 2019: TL 13.270) and performance premium amounting to TL 10.000 (December 31, 2019: None) totaling to TL 144.641 (December 31, 2019: TL 99.231). 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 (%)	12,40	11,70
Estimated increase rate of salary ceiling (%)	10,70	8,90

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

	Current Period	Prior Period
Prior period ending balance	85.961	62.147
Change in the period	23.365	20.480
Actuarial (gain)/loss	22.642	13.716
Paid during the period	(11.036)	(10.382)
<b>Balance at the end of the period</b>	<b>120.932</b>	<b>85.961</b>

#### b. Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	26.446	11.047
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	-
Third stage expected loss provisions for unindemnified letter of guarantees	4.578	3.686
Third stage expected loss provisions for cheques commitments	3.717	3.883
Provisions for promotions related with credit cards and promotion of banking services	217	224
Provisions for cases on trial <sup>(*)</sup>	20.183	15.655
Accrual for purchase and sale commitments	725	291
Other	736	735
<b>Total</b>	<b>56.602</b>	<b>35.521</b>

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

As of December 31, 2020, the provision for foreign exchange losses on foreign currency indexed loans and lease receivables is TL1.325 (December 31, 2019: TL 901) 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, 2020, remaining tax liability after offsetting prepaid corporate tax is TL 10.912. (December 31, 2019: TL 4.722).



**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**a.2. Information on taxes payable:**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate taxes payable	10.912	4.722
Banking insurance transaction tax	28.030	14.130
Taxation on securities income	14.122	24.408
Value added tax payable	1.673	1.295
Taxation on real estate income	548	1.230
Foreign exchange transaction tax	3.153	2.274
Income tax deducted from wages	10.482	10.331
Other	1.128	1.967
<b>Total</b>	<b>70.048</b>	<b>60.357</b>

**a.3. Information on premiums:**

	<b>Current Period</b>	<b>Prior Period</b>
Social security premiums-employee	5.568	5.483
Social security premiums-employer	6.164	5.948
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	396	390
Unemployment insurance-employer	792	780
Other	-	-
<b>Total</b>	<b>12.920</b>	<b>12.601</b>

**7. Liabilities for assets held for sale and discontinued operations:**

None (December 31, 2019: None).

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
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	-	1.732.562	-	1.375.164
Subordinated loans	-	1.732.562	-	1.375.164
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.732.562</b>	<b>-</b>	<b>1.375.164</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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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 10,50 % for the first 5 years and 9.371% for the last 5 years ( from May 2021 ).The Bank has repurchased the sukuk issued in the amount of USD 16.371.000 and this amount is offset in financial assets measured at fair value through other comprehensive income and subordinated loans.

The Bank has realized unmatured 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, 2019: None).

### 10. Information on shareholders' equity:

#### a. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.350.000	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	1.350.000	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:

As of December 31,2019, the Bank has completed capital increase through right issues and since the new capital had not been registered as of the related date, the increased amount TL 450.000 was represented under other capital reserves in equity. In 2020, following the registration, related amount has been transferred from other capital reserves to paid in capital.

Date of increase	Increased Amount	Cash	Profit Reserves subjected to Increase	Capital Reserves subjected to Increase
24.01.2020	450.000	450.000	-	-

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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### ç. Information on share capital increases from capital reserves during the current period:

Capital increase realized but not registered as of December 31, 2020 through right issues amounts to TL 450.000 has been transferred from other capital reserves to paid in capital in 2020. The amount transferred from capital reserves to paid in capital in the current period is represented in the following table.

	Tangible and Intangible Assets Revaluation Reserve	Associates, Subsidiaries and Joint ventures non paid up Shares	Other
Marketable Securities Valuation Reserve	-	-	450.000

### 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 <sup>(1)</sup>	(1.500)	5.308	4.023	36.033
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(1.500)</b>	<b>5.308</b>	<b>4.023</b>	<b>36.033</b>

<sup>(1)</sup> 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 310.576 (December 31, 2019: TL 172.336) has been recognized under prior years profit / loss.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

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

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

	Current Period	Prior Period
Commitments for credit card limits	919.974	769.342
Payment commitments for cheques	667.621	631.606
Asset purchase and sale commitments	1.209.072	437.404
Loan granting commitments	429.887	262.517
Tax and funds liabilities arising from export commitments	13.538	10.381
Commitments for promotions related with credit cards and banking activities	398	335
Other irrevocable commitments	547	528
Other revocable commitments	4.000	-
<b>Total</b>	<b>3.245.037</b>	<b>2.112.113</b>

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

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

	Current Period	Prior Period
Letters of guarantees	9.202.929	8.718.394
Bank loans	49.363	14.463
Letters of credit	1.770.792	1.329.920
Other guaranties and sureties	98.747	368.661
<b>Total</b>	<b>11.121.831</b>	<b>10.431.438</b>

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

	Current Period	Prior Period
Letters of guarantees	9.202.929	8.718.394
Long standing letters of guarantees	5.865.414	5.448.790
Temporary letters of guarantees	445.644	371.560
Advance letters of guarantees	551.308	362.686
Letters of guarantees given to customs	564.615	366.118
Letters of guarantees given for obtaining cash loans	1.775.948	2.169.240
Sureties and similar transactions	98.747	368.661
<b>Total</b>	<b>9.301.676</b>	<b>9.087.055</b>

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**c. Within the Non-cash Loans****c.1. Total amount of non-cash loans:**

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans given against cash loans	1.775.948	2.169.240
With original maturity of 1 year or less	445.879	555.521
With original maturity of more than 1 year	1.330.069	1.613.719
Other non-cash loans	9.345.883	8.262.198
<b>Total</b>	<b>11.121.831</b>	<b>10.431.438</b>

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

	<b>Current period</b>			
	<b>TL</b>	<b>(%)</b>	<b>FC</b>	<b>(%)</b>
<b>Agricultural</b>	<b>48.603</b>	<b>0,85</b>	<b>21.374</b>	<b>0,39</b>
Farming and stockbreeding	29.947	0,52	20.773	0,38
Forestry	17.730	0,31	601	0,01
Fishery	926	0,02	0	0,00
<b>Manufacturing</b>	<b>1.458.367</b>	<b>25,54</b>	<b>2.558.209</b>	<b>47,27</b>
Mining	35.507	0,62	27.660	0,51
Production	1.216.621	21,31	2.170.891	40,11
Electricity, gas and water	206.239	3,61	359.658	6,65
<b>Construction</b>	<b>1.276.062</b>	<b>22,35</b>	<b>602.784</b>	<b>11,14</b>
<b>Services</b>	<b>2.802.568</b>	<b>49,08</b>	<b>2.064.741</b>	<b>38,15</b>
Wholesale and retail trade	1.549.561	27,14	1.228.682	22,70
Hotel, food and beverage services	45.305	0,79	50.309	0,93
Transportation and telecommunication	231.496	4,05	83.966	1,55
Financial Institutions	207.272	3,63	554.681	10,25
Real estate and renting services	453.045	7,93	106.033	1,96
Self-employment services	153.684	2,69	23.898	0,44
Education services	52.239	0,91	226	0,00
Health and social services	109.966	1,93	16.946	0,31
<b>Other</b>	<b>124.537</b>	<b>2,18</b>	<b>164.586</b>	<b>3,04</b>
<b>Total</b>	<b>5.710.137</b>	<b>100,00</b>	<b>5.411.694</b>	<b>100,00</b>
	<b>Prior period</b>			
	<b>TL</b>	<b>(%)</b>	<b>FC</b>	<b>(%)</b>
<b>Agricultural</b>	<b>41.099</b>	<b>0,80</b>	<b>45.800</b>	<b>0,86</b>
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
<b>Manufacturing</b>	<b>1.266.579</b>	<b>24,70</b>	<b>2.568.269</b>	<b>48,43</b>
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
<b>Construction</b>	<b>1.160.560</b>	<b>22,63</b>	<b>688.776</b>	<b>12,99</b>
<b>Services</b>	<b>2.574.523</b>	<b>50,20</b>	<b>1.889.532</b>	<b>35,63</b>
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
<b>Other</b>	<b>85.741</b>	<b>1,67</b>	<b>110.559</b>	<b>2,08</b>
<b>Total</b>	<b>5.128.502</b>	<b>100,00</b>	<b>5.302.936</b>	<b>100,00</b>

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

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
<b>Non-cash loans</b>	<b>5.582.217</b>	<b>5.331.329</b>	<b>89.560</b>	<b>70.410</b>
Letters of guarantee	5.519.271	3.475.701	89.560	70.082
Bank loans	-	49.363	-	-
Letters of credit	39.522	1.730.942	-	328
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	23.424	75.323	-	-

Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
<b>Non-cash loans</b>	<b>4.857.876</b>	<b>5.130.896</b>	<b>231.175</b>	<b>141.699</b>
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	-

### 2. Explanations on derivative transactions:

	Derivative transactions according to purpose	Derivative transactions according to purpose
	December 31, 2020	December 31, 2019
<b>Trading Derivatives</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>6.292.062</b>	<b>133.090</b>
Currency Forwards-Purchases, sales	243.125	75.187
Currency Swaps-Purchases, sales	6.048.937	57.903
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
<b>Profit share Rate Related Derivative Transactions (II)</b>	<b>-</b>	<b>-</b>
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
<b>Other Trading Derivatives (III)</b>	<b>-</b>	<b>-</b>
<b>A. Total Trading Derivatives (I + II + III)</b>	<b>6.292.062</b>	<b>133.090</b>
<b>Hedging Derivatives</b>	<b>-</b>	<b>-</b>
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
<b>B. Total Hedging Derivatives</b>	<b>-</b>	<b>-</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>6.292.062</b>	<b>133.090</b>

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### 3. Explanations on contingent assets and liabilities:

The Bank has made a provision amounting to TL 20.183 (December 31, 2019: TL 15.655), 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.

## 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
<b>Profit share received from loans<sup>(*)</sup></b>				
Short Term Loans	491.018	126.555	519.583	153.434
Medium and Long Term Loans	1.578.454	735.265	1.564.851	550.248
Profit Share on Non-Performing Loans	129.976	4.095	186.228	4.238
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>2.199.448</b>	<b>865.915</b>	<b>2.270.662</b>	<b>707.920</b>

<sup>(\*)</sup> Includes fees and commission income on cash loans.

<sup>(\*)</sup> Includes TL 97.309 as fair value profit from profit and loss sharing investments. (December 31, 2019: TL 155.234.)

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

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	14.777	-	23.076	28.821
Domestic Banks	244	387	539	1.734
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>15.021</b>	<b>387</b>	<b>23.615</b>	<b>30.555</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit/loss	55.325	47.135	540	5.072
Financial assets measured at fair value through other comprehensive income	101.995	71.505	105.919	67.568
Financial assets measured at amortised cost	114.405	82.555	82.866	25.715
<b>Total</b>	<b>271.725</b>	<b>201.195</b>	<b>189.325</b>	<b>98.355</b>

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

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### ç. Information on profit share income received from associates and subsidiaries:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	6.338	-	13.849	3.984
<b>Total</b>	<b>6.338</b>	<b>-</b>	<b>13.849</b>	<b>3.984</b>

### 2. Explanations on profit share expenses:

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

Current Period	Profit sharing accounts							Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	
<b>TL</b>								
Funds collected from banks through current and profit sharing accounts	-	3	315	-	-	-	-	318
Real persons' non-trading profit sharing accounts	224.930	421.278	16.651	-	2.892	44.431	1.097	711.279
Public sector profit sharing accounts	4	7	-	-	-	-	-	11
Commercial sector profit sharing accounts	39.554	176.119	8.873	-	3.472	4.994	-	233.012
Other institutions profit sharing accounts	3.225	16.576	241	-	44	282	-	20.368
<b>Total</b>	<b>267.713</b>	<b>613.983</b>	<b>26.080</b>	<b>-</b>	<b>6.408</b>	<b>49.707</b>	<b>1.097</b>	<b>964.988</b>
<b>FC</b>								
Banks	1.102	3.430	2.184	-	73	13	-	6.802
Real persons' non-trading profit sharing accounts	32.594	53.960	5.110	-	367	17.329	27	109.387
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	5.497	24.494	852	-	70	193	8	31.114
Other institutions profit sharing accounts	588	2.601	123	-	-	1	-	3.313
Precious metals deposits	652	2.068	73	-	22	120	1	2.936
<b>Total</b>	<b>40.433</b>	<b>86.553</b>	<b>8.342</b>	<b>-</b>	<b>532</b>	<b>17.656</b>	<b>36</b>	<b>153.552</b>
<b>Grand total</b>	<b>308.146</b>	<b>700.536</b>	<b>34.422</b>	<b>-</b>	<b>6.940</b>	<b>67.363</b>	<b>1.133</b>	<b>1.118.540</b>



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Prior Period	Profit sharing accounts							Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	
<b>TL</b>								
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
<b>Total</b>	<b>371.015</b>	<b>820.701</b>	<b>47.211</b>	<b>-</b>	<b>14.822</b>	<b>81.151</b>	<b>1.738</b>	<b>1.336.638</b>
<b>FC</b>								
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
<b>Total</b>	<b>70.506</b>	<b>157.817</b>	<b>15.147</b>	<b>-</b>	<b>878</b>	<b>20.894</b>	<b>12</b>	<b>265.254</b>
<b>Grand total</b>	<b>441.521</b>	<b>978.518</b>	<b>62.358</b>	<b>-</b>	<b>15.700</b>	<b>102.045</b>	<b>1.750</b>	<b>1.601.892</b>

**b. Information on profit share expense paid to funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	297	57.821	2.435	51.888
CBRT	-	-	-	-
Domestic banks	-	3.240	-	6.133
Foreign banks	297	54.581	2.435	45.755
Head offices and branches abroad	-	-	-	-
Other institutions	323.240	195.011	476.539	218.580
<b>Total</b>	<b>323.537</b>	<b>252.832</b>	<b>478.974</b>	<b>270.468</b>

**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	315.508	-	466.521	62.095
<b>Total</b>	<b>315.508</b>	<b>-</b>	<b>466.521</b>	<b>62.095</b>

**ç. Profit share expenses paid to marketable securities issued:**

None (December 31, 2019: None).

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

### 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	46.235	76.369
Clearing room fees and commissions	37.569	57.625
Commissions on money orders	31.393	20.362
Appraisal fees	17.014	10.706
Insurance and brokerage commissions	26.472	19.579
Checks and bills commissions	3.481	3.591
Safe deposit box commissions	2.616	2.164
Advocacy service commissions	4	4.726
Service pack commissions	8.126	15.171
Enquiry fees received	3.203	3.304
Fees and commissions from correspondent banks	3.272	3.039
Export credit commissions	7.767	3.682
Prepaid import commissions	20.617	13.339
Pledge Put and Mortgage Release Fees	3.827	2.264
Loan Limit Allocation Fees	14.910	-
Other	40.176	35.992
<b>Total</b>	<b>266.682</b>	<b>271.913</b>

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	8.099	13.416
Credit cards fees and commissions	25.872	21.057
Member firm-POS fees and commissions	29.016	28.572
Fees and commissions for Swift, EFT and money orders	22.534	22.088
Required Reserves Commissions for CBRT in Foreign currency	58.815	-
Other	16.778	10.092
<b>Total</b>	<b>161.114</b>	<b>95.225</b>

### 4. Information on dividend income:

None (December 31, 2019: None)

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

	Current Period	Prior Period
<b>Income</b>	<b>23.875.049</b>	<b>11.200.294</b>
Income from capital market transactions <sup>(1)</sup>	117.442	165.191
Income from derivative financial instruments	74.655	88.113
Foreign exchange income	23.682.952	10.946.990
<b>Loss (-)</b>	<b>23.608.165</b>	<b>10.876.585</b>
Loss on capital market transactions	42.537	3.014
Loss on derivative financial instruments	216.783	110.105
Foreign exchange losses	23.348.845	10.763.466
<b>Trading Income/Loss (net)</b>	<b>266.884</b>	<b>323.709</b>

<sup>(1)</sup> Includes income in the amount of TL 31.152 (December 31, 2019: TL 31.555) arising from buying and selling transaction with a real person shareholder.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020**

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

**6. Explanations related to other operating income:**

	<b>Current Period</b>	<b>Prior Period</b>
Reversal of prior year provisions	460.353	456.494
Income from sale of assets	72.753	36.332
Communication revenue	15.166	11.688
Cheque book charges	2.204	1.866
Operating Lease Income	2.962	10.005
Other income	8.621	26.699 <sup>(*)</sup>
<b>Total</b>	<b>562.059</b>	<b>543.084</b>

<sup>(\*)</sup> The balance includes TL 13.122 income arising from derivative's accounting and subtraction 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.

**7. Informations on Expected Credit Losses:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Expected Credit Loss</b>	<b>1.122.267</b>	<b>706.313</b>
12 month expected credit loss (stage 1)	75.144	47.570
Significant increase in credit risk (stage 2)	349.669	25.288
Non-performing loans (stage 3)	697.454	633.455
<b>Marketable Securities Impairment Expense</b>	<b>-</b>	<b>-</b>
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
<b>Impairment Provision for Associates, Subsidiaries and Joint Ventures</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
<b>Other <sup>(*)</sup></b>	<b>37.488</b>	<b>67.683</b>
<b>Total</b>	<b>1.159.755</b>	<b>773.996</b>

Expected credit losses amount to TL 1.159.755 (December 31, 2019: TL 773.996) includes TL 496.047 (December 31, 2019: TL 286.461) representing participation account share of expected credit losses of loans provided from participation accounts.

<sup>(\*)</sup> Details of the "other" amount is as follows:

	<b>Current Period</b>	<b>Prior Period</b>
Expected credit losses for 1 <sup>st</sup> and 2 <sup>nd</sup> group non-cash loans	15.581	5.276
Third stage expected loss provision for unindemnified non cash loans	627	2.330
Expected credit losses (stage 1) for banks	18.035	228
Profit and loss sharing investments' fair value provision.	2.956	59.028
Expected credit losses (stage 1) for other financial assets.	289	-
Expected credit losses for financial assets measured at amortized cost	-	821
<b>Total</b>	<b>37.488</b>	<b>67.683</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

### 8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	12.329	10.098
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	109.811	98.993
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	19.352	17.809
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	1.745	148
Other business expenses	181.376	151.289
Leasing Expenses on TFRS 16 Exceptions	1.659	3.067
Maintenance and repair expenses	32.224	23.186
Advertisement expenses	6.461	13.863
Other expenses <sup>(*)</sup>	141.032	111.173
Loss on sale of assets	1.763	1.361
Other <sup>(**)</sup>	210.108	165.180
<b>Total</b>	<b>536.484</b>	<b>444.878</b>

<sup>(\*)</sup> The details of the “Other Expenses” balance under Other Operating Expenses are as follows:

	Current Period	Prior Period
Communication Expenses	26.862	26.017
Donations	14.078	8.061
Cleaning expenses	23.128	18.029
Heating, lighting and water expenses	15.359	14.569
Representation and Hosting expenses	9.030	9.097
Vehicle expenses	5.256	6.621
Lawsuit and court expenses	2.712	2.962
Movables Insurance Expenses	5.099	4.504
Stationery Expenses	2.865	3.257
Expense Share for Common Expenses	2.826	2.850
Group transportation costs	7.836	5.089
Other	25.981	10.117
<b>Total</b>	<b>141.032</b>	<b>111.173</b>

<sup>(\*\*)</sup> Details of “other” balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	106.174	77.345
Taxes, Duties, Charges and Funds	58.240	48.849
Expertise and Information Expenses	21.756	10.687
Audit and Consultancy Fees	11.059	15.471
Institution and Union participation share	11.209	10.690
Other	1.670	2.138
<b>Total</b>	<b>210.108</b>	<b>165.180</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

### 9. Explanations on income/loss from continued and discontinued operations before taxes:

As the Bank does not have any discontinued operations, there is no explanation related to income/loss from discontinued operations before taxes.

The Bank's income before tax increased by 271% compared to the previous period and reached TL 323.735 (31 December 2019: TL 87.293). Income before tax comprises net profit share income in the amount of TL 1.705.620 (December 31, 2019: TL 823.230) and fees and commission income in the amount of TL 233.567 (December 31, 2019: TL: 299.829). Total other operating expenses amount to TL 536.484 (December 31, 2019: TL 444.878).

### 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, 2020, the Bank has deferred tax income amounts to TL 308.493 (December 31, 2019: TL 201.397) and deferred tax expense amounts to TL 366.579 (December 31, 2019: TL 220.539). Current tax provision amounts to TL 10.912 (December 31, 2019: TL 4.722).

### 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 323.735 (December 31, 2019: TL: 87.293) by deducting tax provision expense amounting to TL 68.998 (December 31, 2019: TL 23.864) from profit from continued operations amounting to TL 254.737 (December 31, 2019: TL 63.429).

### 12. Explanations on net income/loss:

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

None.

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

None.

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

**a)** There is no declaration of dividends made subsequent to the balance sheet date, and prior to the announcement of the financial statements.

Decision related to the dividend distribution will be taken in the General Assembly. General Assembly has not been held as of the date of finalization of the accompanying financial statements.

**b)** "Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets measured at fair value through other comprehensive income are recognized in the "Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income. TL 32.582 decrease (before deferred tax) has occurred after the revaluation of financial assets measured at fair value through other comprehensive income (December 31, 2019: TL 91.345 increase).

**c)** Revaluation amounts related to tangible and intangible assets are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.

**d)** Foreign exchange differences arising from translation of income statement of foreign branch of the Bank are accounted in other capital reserves amounts to TL 19.695 as increase. (December 31, 2019: TL 15.949 increase).

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

(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	Prior Period
<b>Cash</b>	<b>4.027.884</b>	<b>2.692.092</b>
Cash in TL/foreign currency	1.022.107	823.466
Cash in transit	558.717	831.066
CBRT	2.447.060	1.037.560
<b>Cash equivalents</b>	<b>3.154.582</b>	<b>4.416.479</b>
Domestic banks	910.035	3.458.942
Foreign banks	2.244.547	957.537
<b>Total cash and cash equivalents</b>	<b>7.182.466</b>	<b>7.108.571</b>

##### (b) Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
<b>Cash</b>	<b>5.406.129</b>	<b>4.027.884</b>
Cash in TL/foreign currency	1.457.399	1.022.107
Cash in transit	844.125	558.717
CBRT	3.104.605	2.447.060
<b>Cash equivalents</b>	<b>2.649.148</b>	<b>3.154.582</b>
Domestic banks	1.442.851	910.035
Foreign banks	1.206.297	2.244.547
<b>Total cash and cash equivalents</b>	<b>8.055.277</b>	<b>7.182.466</b>

#### 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 192.578 (December 31, 2019: TL 175.506) 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 233.975 (December 31, 2019: TL 366.892) 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 336.393 as of December 31, 2020 (December 31, 2019 TL 235.821).

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

(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 <sup>(*)</sup>	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
<b>Loans</b>						
Balance at the beginning of the period	53	5	632.926	27.308	27	-
Balance at the end of the period	6	53	818.807	34.537	187	-
<b>Profit share and commission income received</b>	-	-	<b>55.909</b>	<b>216</b>	<b>12</b>	-

##### b. Prior period:

Risk Group of the Bank <sup>(*)</sup>	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
<b>Loans and other receivables</b>						
Balance at the beginning of period	1	5	173.457	32.410	19	-
Balance at end of period	53	5	632.926	27.308	27	-
<b>Profit share and commission income received</b>	-	-	<b>10.157</b>	<b>195</b>	-	-

<sup>(\*)</sup> 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 <sup>(*)</sup>	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
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	20.935	21.495	831.442	604.631	11.073	7.106
Balance at the end of period	35.342	20.935	271.125	831.442	12.518	11.073
<b>Profit share expense</b>	<b>452</b>	<b>2.380</b>	<b>2.511</b>	<b>8.859</b>	<b>239</b>	<b>381</b>

<sup>(\*)</sup> As of December 31, 2020 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 52.297.028 and EUR 146.469.895 (December 31, 2019: USD 34.002.557 and EUR 65.082.069). The profit share expense relating to such borrowings for the period between January 1, 2020 – December 31, 2020 is TL 9.581 (December 31, 2019: TL 12.346).

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, 2020, the Bank has paid TL 15.654 (December 31, 2019: TL 16.429) to top management.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

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

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

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

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

	Number	Number of Personnel			
Domestic Branches	227	3.371			
			<b>Country</b>		
Foreign Representation Office	-	-	-		
				<b>Total Assets (Thousand TL)</b>	<b>Statutory Share Capital</b>
Foreign Branches	2	19	Irak	1.070.260	USD 50.000.000
Off-Shore Branches	-	-	-	-	-

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

The Bank has not opened any branch outside Turkey in 2020. The bank has closed 3 branches and 1 regional directorate and opened 3 branches and 1 regional directorate inside Turkey in 2020.

### IX. Explanations related to subsequent events:

None.

### X. Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification:

None.

## SECTION SIX Independent auditor's report

### I. Explanations on independent auditors' report:

The Bank's unconsolidated financial statements as of and for the period ended December 31, 2020 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 February 18, 2021 is presented at the beginning of the financial statements and related notes.

### II. Other notes and explanations prepared by the independent auditors:

None.



# ALBARAKA TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS  
AND RELATED DISCLOSURES AT DECEMBER 31, 2020  
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)



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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 2020, 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 the Group as at December 31, 2020 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 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.

**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.



### Key Audit Matter

#### **Financial impact of TFRS 9 “Financial Instruments” standard and recognition of impairment on financial assets and related important disclosures**

As disclosed in footnote VII of Section 3; the Group measures expected credit losses for financial instruments by TFRS 9 “Financial Instruments Standards”. The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows;

- Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements
- The applications TFRS 9 are complex and comprehensive
- The classification of financial instruments based on the Group’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows
- Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses
- The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9
- Estimations and assumptions used in expected credit losses are new, important and complex
- Complex and comprehensive disclosure requirements of TFRS 9.

### How the Key Audit Matter is addressed in our audit

Our audit procedures in addition to our current audit procedures:

- Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Group’s past performance, and local and global practices
- Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists
- Evaluating the impact of Covid-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses calculation and fair value calculations together with forward-looking estimates and significant assumptions.
- Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices
- Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Group’s business model
- Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Group’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis
- Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses
- Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis
- Testing the fair value calculations of real estates included in profit and loss project loans by the valuation experts of another company included in the network which we are affiliated.
- Evaluating the necessity and accuracy of the updates made or required updates after the modeling process Auditing of disclosures related to TFRS 9.



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

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

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

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

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

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

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

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

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



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

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

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

#### Report on Other Legal and Regulatory Requirements

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

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

#### Additional paragraph for convenience translation to English

As explained in detail in Note I.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 5, 2021  
Istanbul, Turkey



**CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

Parent Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdeniz 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 Fonu	Katılım Emeklilik ve Hayat A.Ş.	-
2. Değer Varlık Kiralama 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. Kira Sertifikaları Katılım Fonu	-	-
3. Albaraka Portföy Yönetimi A.Ş.	Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu	-	-
4. Insha GmbH	Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	-	-
5. -	-	Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu	-	-	-

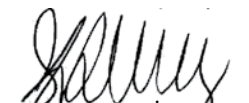
Bereket One Ltd and Albaraka Sukuk Ltd, which are not subsidiaries of the Bank but over which the Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Structured Entity".

The consolidated financial statements and related disclosures and footnotes; presented in **thousands of Turkish Lira** unless otherwise indicated; have been prepared in accordance with the Communiqué on Accounting Applications of Banks and Safeguarding of Documents, 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.

  
**Adnan Ahmed  
Yusuf ABDULMALEK**  
Chairman of the Board of  
Directors


  
**Melikşah UTKU**  
General Manager

  
**Mustafa ÇETİN**  
Assistant General Manager

  
**Kemalettin DİLBAZ**  
Financial Reporting Manager

  
**Mustafa BÜYÜKABACI**  
Chairman of the  
Audit Committee

  
**Mehmet Ali GÖKÇE**  
Member of the Audit Committee

  
**Mohamed Ali CHATTI**  
Member of the Audit Committee

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

Name-Surname/Title : Bora ŞİMŞEK/Financial Reporting/Vice Manager  
Telephone : 00 90 216 666 05 59  
Facsimile : 00 90 216 666 16 11

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# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

(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, 2019: 228) local branches and 2 (December 31, 2019: 2) foreign branches and with 3.390 (December 31, 2019: 3.791) staff as of December 31, 2020. The Group has 3.415 (December 31, 2019: 3.811) staff as of December 31, 2020.

#### **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, 2020, 36,29% (December 31, 2019: 54,06%) of the Parent Bank's shares are owned by Albaraka Banking Group, 15,38% (December 31, 2019: 0%) owned by Dallah Albaraka Group, 7,84% (December 31, 2019: 7,84%) owned by Islamic Development Bank, 36,81% (December 31, 2019: 25,22%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.



# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

(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 (%)
<b>Chairman of the Board of Directors (BOD):</b>	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	<sup>(1)</sup> 0,0000
<b>Members of BOD:</b>	Süleyman KALKAN	II.Chairman of BOD (Independent)	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	<sup>(1)</sup> 0,0000
	Ghassan Ahmed M. AMODI	Independent Member of BOD	Bachelor	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	-
	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Mehmet Ali GÖKCE	Independent Member of BOD	Master	-
	Housseem BEN HAJ AMOR	Member of BOD	Bachelor	-
	Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	-
<b>General Manager:</b>	Melikşah UTKU	Member of BOD/General Manager	Master	-
<b>Assistant General Managers:</b>	Turgut SİMİTÇİOĞLU	Assistant General Manager Responsible for Credit Risks	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Credits	Master	-
	Mehmet Fatih YORULMAZ	Assistant General Manager Responsible for Marketing	Master	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Sales	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance and Strategy	Bachelor	-
	Volkan EVCİL	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	-
<b>Chief Legal Consultancy</b>	Hasan AVŞAR	Chief Legal Consultant	Bachelor	-
<b>Audit Committee:</b>	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Mehmet Ali GÖKCE	Member of Audit Committee	Master	-
	Dr. Mohamed Ali CHATTI	Member of Audit Committee	Doctorate	-

<sup>(1)</sup> The share amounts of these persons are between TL 1-10 (full).

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, 2019: 0,0000%).

### IV. Information on the Parent Bank's qualified shareholders:

The Parent Bank's paid in capital amounting to TL 1.350.000 consists of 1.350.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 697.546 of the paid in capital is owned by qualified shareholders who are listed below:

Name/Commercial Name	Share amount (nominal)	Share ratio <sup>(1)</sup>	Paid shares	Unpaid shares
Albaraka Banking Group	489.961	36,29%	489.961	-
Dallah Albaraka Holding	207.585	15,38%	207.585	-

<sup>(1)</sup>Shares purchased from Stock Exchange is not included.

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

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

The Parent Bank classifies current and profit sharing accounts separately from other accounts in accordance with their maturities. Profit sharing accounts are classified under six different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included), one year and more than one year (with monthly, quarterly, semi-annual and annual profit share payment) and accumulated participation accounts.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

The Bank may determine the profit rate following operating the participation accounts or estimated rates for investment agencies. The rate of participation accounts' participation to the loss is one hundred percent.

The Parent Bank constitutes specific fund pools with minimum maturities of one month, to be allocated to individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are managed in accordance with their maturities and independently from other accounts and transfers from these accounts to any other maturity groups are not executed. Specific fund pools are liquidated at the end of the financing period.

In addition to its ordinary banking activities, the Parent Bank operates as an insurance agency on behalf of Bereket Sigorta, Anadolu Sigorta, Türkiye Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Generali Sigorta, Bereket Katılım Sigorta, HDI 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. and Oyak Yatırım Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services. Moreover, the Parent Bank is involved in providing non-cash loans that mainly comprise letters of guarantee, letters of credit and acceptances.

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:**

Albaraka Kültür Sanat ve Yayıncılık A.Ş., Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. and Insha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş. which are the subsidiaries of "Inovasyon Girişim Sermayesi Yatırım Fonu" and Natura Gıda Sanayi ve Ticaret A.Ş., which is an subsidiary of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, have not been consolidated since they are non-financial subsidiaries. The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş. and Insha Gmbh, the subsidiaries of the Parent Bank, through equity method and full consolidation method, respectively.

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 Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu and other security (investment) funds controlled by the Parent Bank along with 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".

### **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, 2020

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

ASSETS	Notes (Section Five-I)	Audited CURRENT PERIOD December 31, 2020			Audited PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>3.610.559</b>	<b>18.080.122</b>	<b>21.690.681</b>	<b>3.467.753</b>	<b>12.065.923</b>	<b>15.533.676</b>
<b>1.1 Cash and Cash Equivalents</b>	<b>(1)</b>	<b>2.117.138</b>	<b>14.507.009</b>	<b>16.624.147</b>	<b>2.519.444</b>	<b>10.453.621</b>	<b>12.973.065</b>
1.1.1 Cash and Balances with Central Bank		1.371.053	11.873.379	13.244.432	1.426.702	7.369.207	8.795.909
1.1.2 Banks		781.048	2.634.093	3.415.141	1.109.920	3.084.627	4.194.547
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		34.963	463	35.426	17.178	213	17.391
<b>1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>	<b>(2)</b>	<b>724.424</b>	<b>3.257.849</b>	<b>3.982.273</b>	<b>134.498</b>	<b>437.979</b>	<b>572.477</b>
1.2.1 Government Securities		552.653	3.236.130	3.788.783	99.148	435.174	534.322
1.2.2 Equity Securities		12.921	10.774	23.695	-	-	-
1.2.3 Other Financial Assets		158.850	10.945	169.795	35.350	2.805	38.155
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>	<b>(3)</b>	<b>755.313</b>	<b>315.264</b>	<b>1.070.577</b>	<b>813.673</b>	<b>1.174.064</b>	<b>1.987.737</b>
1.3.1 Government Securities		745.044	306.067	1.051.111	813.658	1.150.767	1.964.425
1.3.2 Equity Securities		7.667	9.197	16.864	15	23.297	23.312
1.3.3 Other Financial Assets		2.602	-	2.602	-	-	-
<b>1.4 Derivative Financial Assets</b>	<b>(5)</b>	<b>13.684</b>	<b>-</b>	<b>13.684</b>	<b>138</b>	<b>259</b>	<b>397</b>
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		13.684	-	13.684	138	259	397
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>		<b>23.290.701</b>	<b>20.517.445</b>	<b>43.808.146</b>	<b>16.998.174</b>	<b>14.745.234</b>	<b>31.743.408</b>
<b>2.1 Loans</b>	<b>(6)</b>	<b>23.254.473</b>	<b>18.801.331</b>	<b>42.055.804</b>	<b>17.019.728</b>	<b>13.617.465</b>	<b>30.637.193</b>
<b>2.2 Lease Receivables</b>	<b>(7)</b>	<b>291.476</b>	<b>68.673</b>	<b>360.149</b>	<b>227.356</b>	<b>16.322</b>	<b>243.678</b>
<b>2.3 Financial Assets Measured at Amortised Cost</b>	<b>(4)</b>	<b>832.051</b>	<b>2.392.749</b>	<b>3.224.800</b>	<b>638.021</b>	<b>1.356.298</b>	<b>1.994.319</b>
2.3.1 Government Securities		832.051	2.392.749	3.224.800	638.021	1.296.462	1.934.483
2.3.2 Other Financial Assets		-	-	-	-	59.836	59.836
<b>2.4 Expected Credit Losses (-)</b>	<b>(6)</b>	<b>1.087.299</b>	<b>745.308</b>	<b>1.832.607</b>	<b>886.931</b>	<b>244.851</b>	<b>1.131.782</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(8)</b>	<b>130.757</b>	<b>293</b>	<b>131.050</b>	<b>124.196</b>	<b>284</b>	<b>124.480</b>
3.1 Asset Held for Resale		130.757	293	131.050	124.196	284	124.480
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. OWNERSHIP INVESTMENTS (Net)</b>	<b>(9)</b>	<b>327.378</b>	<b>-</b>	<b>327.378</b>	<b>286.470</b>	<b>-</b>	<b>286.470</b>
<b>4.1 Associates (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>8.258</b>	<b>-</b>	<b>8.258</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	8.258	-	8.258
<b>4.2 Subsidiaries (Net)</b>		<b>268.696</b>	<b>-</b>	<b>268.696</b>	<b>240.236</b>	<b>-</b>	<b>240.236</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		268.696	-	268.696	240.236	-	240.236
<b>4.3 Joint Ventures (Net)</b>		<b>58.682</b>	<b>-</b>	<b>58.682</b>	<b>37.976</b>	<b>-</b>	<b>37.976</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		58.682	-	58.682	37.976	-	37.976
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(10)</b>	<b>1.372.244</b>	<b>17.226</b>	<b>1.389.470</b>	<b>1.496.680</b>	<b>19.905</b>	<b>1.516.585</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(11)</b>	<b>40.535</b>	<b>6.352</b>	<b>46.887</b>	<b>30.538</b>	<b>5.272</b>	<b>35.810</b>
6.1 Goodwill		-	4.783	4.783	-	3.970	3.970
6.2 Others		40.535	1.569	42.104	30.538	1.302	31.840
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(12)</b>	<b>1.261.475</b>	<b>-</b>	<b>1.261.475</b>	<b>1.419.315</b>	<b>-</b>	<b>1.419.315</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>3.750</b>	<b>-</b>	<b>3.750</b>	<b>1.231</b>	<b>-</b>	<b>1.231</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(13)</b>	<b>191.360</b>	<b>-</b>	<b>191.360</b>	<b>166.345</b>	<b>-</b>	<b>166.345</b>
<b>X. OTHER ASSETS</b>	<b>(14)</b>	<b>640.871</b>	<b>28.943</b>	<b>669.814</b>	<b>397.149</b>	<b>251.499</b>	<b>648.648</b>
<b>TOTAL ASSETS</b>		<b>30.869.630</b>	<b>38.650.381</b>	<b>69.520.011</b>	<b>24.387.851</b>	<b>27.088.117</b>	<b>51.475.968</b>

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, 2020**

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

LIABILITIES	Notes (Section Five-I)	Audited CURRENT PERIOD December 31, 2020			Audited PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	(1)	15.389.368	36.148.001	51.537.369	14.672.926	25.066.274	39.739.200
<b>II. FUNDS BORROWED</b>	(2)	72.778	2.987.107	3.059.885	100.219	1.691.379	1.791.598
<b>III. BORROWINGS FROM MONEY MARKETS</b>		1.246.687	1.029.766	2.276.453	18.237	-	18.237
<b>IV. SECURITIES ISSUED (Net)</b>	(3)	4.042.163	-	4.042.163	2.519.419	-	2.519.419
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	(4)	142.596	-	142.596	504	345	849
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		142.596	-	142.596	504	345	849
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES</b>	(5)	314.684	13.711	328.395	287.755	12.905	300.660
<b>VIII. PROVISIONS</b>	(6)	200.073	2.451	202.524	134.069	1.627	135.696
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		145.872	-	145.872	100.138	-	100.138
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		54.201	2.451	56.652	33.931	1.627	35.558
<b>IX. CURRENT TAX LIABILITY</b>	(7)	74.012	11.018	85.030	69.726	4.874	74.600
<b>X. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(8)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED LOANS</b>	(9)	-	1.732.562	1.732.562	-	1.375.164	1.375.164
12.1 Loans		-	1.732.562	1.732.562	-	1.375.164	1.375.164
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	(10)	1.573.899	190.199	1.764.098	1.281.404	207.875	1.489.279
<b>XIV. SHAREHOLDERS' EQUITY</b>	(11)	4.343.628	5.308	4.348.936	3.995.233	36.033	4.031.266
14.1 Paid-In Capital		1.350.000	-	1.350.000	900.000	-	900.000
14.2 Capital Reserves		960.566	-	960.566	1.344.905	-	1.344.905
14.2.1 Share Premium		14.855	-	14.855	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		945.711	-	945.711	1.344.905	-	1.344.905
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		254.045	-	254.045	243.404	-	243.404
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		93.130	5.308	98.438	76.995	36.033	113.028
14.5 Profit Reserves		1.494.079	-	1.494.079	1.430.839	-	1.430.839
14.5.1 Legal Reserves		131.703	-	131.703	136.641	-	136.641
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.362.171	-	1.362.171	1.294.198	-	1.294.198
14.5.4 Other Profit Reserves		205	-	205	-	-	-
14.6 Profit or Loss		(27.128)	-	(27.128)	(158.346)	-	(158.346)
14.6.1 Prior Years Profit/(Loss)		(329.432)	-	(329.432)	(248.391)	-	(248.391)
14.6.2 Current Year Profit/(Loss)		302.304	-	302.304	90.045	-	90.045
14.7 Minority Shares		218.936	-	218.936	157.436	-	157.436
<b>TOTAL LIABILITIES</b>		<b>27.399.888</b>	<b>42.120.123</b>	<b>69.520.011</b>	<b>23.079.492</b>	<b>28.396.476</b>	<b>51.475.968</b>

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, 2020

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

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited CURRENT PERIOD December 31, 2020			Audited PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>11.377.799</b>	<b>9.281.131</b>	<b>20.658.930</b>	<b>6.884.242</b>	<b>5.792.399</b>	<b>12.676.641</b>
<b>I. GUARANTEES AND SURETIES</b>	<b>(1)</b>	<b>5.710.137</b>	<b>5.411.694</b>	<b>11.121.831</b>	<b>5.128.502</b>	<b>5.302.936</b>	<b>10.431.438</b>
1.1. Letters of Guarantees		5.647.191	3.555.738	9.202.929	5.099.099	3.619.295	8.718.394
1.1.1. Guarantees Subject to State Tender Law		876.326	77.888	954.214	697.926	62.581	760.507
1.1.2. Guarantees Given for Foreign Trade Operations		15	1.043.724	1.043.739	15	835.718	835.733
1.1.3. Other Letters of Guarantee		4.770.850	2.434.126	7.204.976	4.401.158	2.720.996	7.122.154
1.2. Bank Loans		-	49.363	49.363	-	14.463	14.463
1.2.1. Import Letter of Acceptances		-	49.363	49.363	-	14.463	14.463
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		39.522	1.731.270	1.770.792	257	1.329.663	1.329.920
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		39.522	1.731.270	1.770.792	257	1.329.663	1.329.920
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		-	75.323	75.323	-	339.515	339.515
1.7. Other Collaterals		23.424	-	23.424	29.146	-	29.146
<b>II. COMMITMENTS</b>	<b>(1)</b>	<b>2.395.012</b>	<b>850.025</b>	<b>3.245.037</b>	<b>1.722.506</b>	<b>389.607</b>	<b>2.112.113</b>
2.1. Irrevocable Commitments		2.391.012	850.025	3.241.037	1.722.506	389.607	2.112.113
2.1.1. Asset Purchase and Sale Commitments		359.047	850.025	1.209.072	47.797	389.607	437.404
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		429.887	-	429.887	262.517	-	262.517
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		667.621	-	667.621	631.606	-	631.606
2.1.7. Tax And Fund Liabilities from Export Commitments		13.538	-	13.538	10.381	-	10.381
2.1.8. Commitments for Credit Card Expenditure Limits		919.974	-	919.974	769.342	-	769.342
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		398	-	398	335	-	335
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		547	-	547	528	-	528
2.2. Revocable Commitments		4.000	-	4.000	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		4.000	-	4.000	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>	<b>3.272.650</b>	<b>3.019.412</b>	<b>6.292.062</b>	<b>33.234</b>	<b>99.856</b>	<b>133.090</b>
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		3.272.650	3.019.412	6.292.062	33.234	99.856	133.090
3.2.1. Forward Foreign Currency Buy/Sell Transactions		128.188	114.937	243.125	33.234	41.953	75.187
3.2.1.1. Forward Foreign Currency Transactions-Buy		83.763	39.298	123.061	27.547	10.149	37.696
3.2.1.2. Forward Foreign Currency Transactions-Sell		44.425	75.639	120.064	5.687	31.804	37.491
3.2.2. Other Forward Buy/Sell Transactions		3.144.462	2.904.475	6.048.937	-	57.903	57.903
3.3. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>87.262.122</b>	<b>24.652.412</b>	<b>111.914.534</b>	<b>72.616.853</b>	<b>16.137.385</b>	<b>88.754.238</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5.519.997</b>	<b>8.677.435</b>	<b>14.197.432</b>	<b>3.812.406</b>	<b>3.053.641</b>	<b>6.866.047</b>
4.1. Assets Under Management		2.911.168	-	2.911.168	1.522.915	-	1.522.915
4.2. Investment Securities Held in Custody		137.652	344.021	481.673	72	26.320	26.392
4.3. Cheques Received for Collection		1.696.146	275.497	1.971.643	1.480.111	285.800	1.765.911
4.4. Commercial Notes Received for Collection		526.549	83.168	609.717	543.651	76.306	619.957
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		215.254	1.519.560	1.734.814	210.617	341.146	551.763
4.8. Custodians		33.125	6.455.189	6.488.314	54.937	2.324.069	2.379.006
<b>V. PLEDGED ITEMS</b>		<b>81.742.125</b>	<b>15.974.977</b>	<b>97.717.102</b>	<b>68.804.447</b>	<b>13.083.744</b>	<b>81.888.191</b>
5.1. Marketable Securities		11.668.013	4.659.421	16.327.434	10.007.092	3.875.114	13.882.206
5.2. Guarantee Notes		1.438.998	219.572	1.658.570	1.223.615	193.710	1.417.325
5.3. Commodity		6.545.244	1.758.326	8.303.570	3.520.395	1.194.171	4.714.566
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		56.903.781	6.988.385	63.892.166	51.035.646	5.913.841	56.949.487
5.6. Other Pledged Items		4.924.606	2.341.372	7.265.978	2.763.503	1.898.042	4.661.545
5.7. Pledged Items-Depository		261.483	7.901	269.384	254.196	8.866	263.062
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>98.639.921</b>	<b>33.933.543</b>	<b>132.573.464</b>	<b>79.501.095</b>	<b>21.929.784</b>	<b>101.430.879</b>

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, 2020

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

STATEMENT OF PROFIT OR LOSS		Audited	Audited
	Notes (Section Five-IV)	CURRENT PERIOD January 1- December 31, 2020	PRIOR PERIOD January 1- December 31, 2019
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>3.594.052</b>	<b>3.308.530</b>
1.1 Profit Share on Loans		3.065.363	2.960.036
1.2 Income Received from Reserve Deposits		14.777	51.897
1.3 Income Received from Banks		631	2.273
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		482.344	270.472
1.5.1 Financial Assets at Fair Value Through Profit and Loss		118.222	6.237
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		167.162	155.654
1.5.3 Financial Assets Measured at Amortised Cost		196.960	108.581
1.6 Finance Lease Income		28.550	20.202
1.7 Other Profit Share Income		2.387	3.650
<b>II. PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>1.856.988</b>	<b>2.462.446</b>
2.1 Expense on Profit Sharing Accounts		1.114.179	1.594.918
2.2 Profit Share Expense on Funds Borrowed		261.175	222.674
2.3 Profit Share Expense on Money Market Borrowings		79.520	103.162
2.4 Profit Share Expense on Securities Issued		297.535	475.134
2.5 Finance Lease Expense		56.986	59.485
2.6 Other Profit Share Expense		47.593	7.073
<b>III. NET PROFIT SHARE INCOME (I - II)</b>		<b>1.737.064</b>	<b>846.084</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>233.567</b>	<b>299.245</b>
4.1 Fees and Commissions Received		394.977	394.901
4.1.1 Non-Cash Loans		128.295	123.572
4.1.2 Other	(3)	266.682	271.329
4.2 Fees and Commissions Paid (-)		161.410	95.656
4.2.1 Non-Cash Loans		296	431
4.2.2 Other	(3)	161.114	95.225
<b>V. DIVIDEND INCOME</b>	<b>(4)</b>	<b>-</b>	<b>-</b>
<b>VI. TRADING INCOME/LOSS(net)</b>	<b>(5)</b>	<b>245.832</b>	<b>224.827</b>
6.1 Capital Market Transaction Income/(Loss)		53.851	63.296
6.2 Profit/(Loss) from Derivative Financial Instruments		(142.128)	(21.992)
6.3 Foreign Exchange Income/(Loss)		334.109	183.523
<b>VII. OTHER OPERATING INCOME</b>	<b>(6)</b>	<b>665.995</b>	<b>724.444</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>2.882.458</b>	<b>2.094.600</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(7)</b>	<b>1.162.439</b>	<b>773.996</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>		<b>22.974</b>	<b>16.411</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>731.506</b>	<b>675.898</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(8)</b>	<b>602.043</b>	<b>517.797</b>
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>363.496</b>	<b>110.498</b>
<b>XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV. PROFIT/(LOSS) ON EQUITY METHOD</b>		<b>21.398</b>	<b>13.963</b>
<b>XVI. PROFIT/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>	<b>(9)</b>	<b>384.894</b>	<b>124.461</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(10)</b>	<b>73.788</b>	<b>27.682</b>
18.1 Provision for Current Taxes		15.702	8.535
18.2 Deferred Tax Expense Effect (+)		366.579	220.539
18.3 Deferred Tax Income Effect (-)		308.493	201.392
<b>XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(11)</b>	<b>311.106</b>	<b>96.779</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>	<b>(11)</b>	<b>-</b>	<b>-</b>
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		-	-
<b>XXI. LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XXI-XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1 Provision for Current Taxes		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(12)</b>	<b>311.106</b>	<b>96.779</b>
25.1 Group's Income/Loss		302.304	90.045
25.2 Minority Shares Profit/Loss (-)		8.802	6.734
Earnings Per Share		0,22	0,10

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, 2020

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

	Audited	Audited
	CURRENT PERIOD	PRIOR PERIOD
	January 1-	January 1-
	December 31, 2020	December 31, 2019
<b>PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>311.106</b>	<b>96.779</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>8.640</b>	<b>93.791</b>
<b>2.1 Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>10.641</b>	<b>8.696</b>
2.1.1 Revaluation Surplus on Tangible Assets	41.708	31.588
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(22.642)	(13.716)
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	(3.906)	(6.497)
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(4.519)	(2.679)
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>(2.001)</b>	<b>85.095</b>
2.2.1 Translation Differences	22.716	16.782
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Financial Assets Measured at Fair Value through Other Comprehensive Income	(33.852)	87.581
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	9.135	(19.268)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>319.746</b>	<b>190.570</b>

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, 2020

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)	Notes (Section Five-V)	Other Comprehensive Income/ Expense Items not to be Recycled to Profit or Loss						Current Total Equity Period's Net Profit/Loss	Total Shareholders' Equity			
		1	2	3	4	5	6					
<b>CURRENT PERIOD (January 1 - December 31, 2020)</b>												
<b>I. Closing balance</b>	(V)	900.000	270.910 (27.506)	-	73.496	39.532	-	1.430.839 (248.391)	90.045	3.873.830	157.436	4.031.266
<b>II. Correction made as per TAS 8</b>		-	-	-	-	(8.999)	-	-	8.999	-	-	-
2.1. Effect of Corrections		-	-	-	-	(8.999)	-	-	8.999	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Balances at Beginning Of Period (I+II)</b>		900.000	270.910 (27.506)	-	73.496	30.533	-	1.430.839 (239.392)	90.045	3.873.830	157.436	4.031.266
<b>IV. Total Comprehensive Income</b>		-	29.460 (18.819)	-	22.716 (24.717)	-	-	-	302.304	310.944	8.802	319.746
<b>V. Capital Increase in Cash</b>		450.000	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase from Internal Sources</b>		-	-	-	-	-	-	-	-	-	-	-
<b>VII. Capital Reserves from Inflation Adjustments to Paid-in Capital</b>		-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>		-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Liabilities</b>		-	-	-	-	-	-	-	-	-	-	-
<b>X. Others Changes</b>		-	65.661	-	-	(3.590)	-	223 (117.068) <sup>(*)</sup>	-	(54.774)	52.698	(2.076)
<b>XI. Profit Distribution</b>		-	-	-	-	-	-	63.017	27.028	(90.045)	-	-
11.1 Dividends		-	-	-	-	-	-	63.017	(63.017)	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	90.045	(90.045)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>		1.350.000	300.370 (46.325)	-	96.212	2.226	-	1.494.079 (329.432)	302.304	4.130.000	218.936	4.348.936

(\*) 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" standart.

(\*\*) The Parent Bank has paid TL 138.241 in February and August 2020, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit/ loss". TL 29.649, the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## 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)	Notes (Section Five-V)	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 Shareholders' Equity							
		1	2	3	4	5	6	Reserves	Profit/Loss	Net Minority Shares								
PRIOR PERIOD (January 1 - December 31, 2019)		Paid-in Capital	Share Premium	Share Cancellation Profits	Share Reserves <sup>(*)</sup>	Other Capital Reserves <sup>(*)</sup>	Profit	Prior Periods' Profit/Loss	Current Total Equity Period's Net Minority Shares	Minority Shares	Shareholders' Equity							
I. Closing balance	(V)	900.000	-	-	-	845.976	251.889	(17.181)	-	56.714	(28.781)	-	158.014	3.289.518	262.064	3.551.582		
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)		
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)		
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)	-	56.714	(28.781)	-	158.014	3.272.214	262.064	3.534.278		
IV. Total Comprehensive Income		-	-	-	-	-	19.021	(10.325)	-	16.782	68.313	-	90.045	183.836	6.734	190.570		
V. Capital Increase in Cash		-	-	-	-	-	464.855	(*)	-	-	-	-	-	464.855	-	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		-	-	-	-	34.074	-	-	-	-	-	-	(130)	(81.019) <sup>(*)</sup>	(111.362)	(158.437)		
XI. Profit Distribution		-	-	-	-	-	-	-	-	129.771	28.243	-	129.771	(158.014)	-	-		
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	129.771	(129.771)	-	-	-	-	-		
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	158.014	(158.014)	-	-		
<b>Balances at end of the period (III+IV...+X+XI)</b>		<b>900.000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.344.905</b>	<b>270.910</b>	<b>(27.506)</b>	<b>-</b>	<b>73.496</b>	<b>39.532</b>	<b>-</b>	<b>1.430.839</b>	<b>(248.391)</b>	<b>90.045</b>	<b>3.873.830</b>	<b>157.436</b>	<b>4.031.266</b>

(\*) 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" standart.

(\*) The Parent Bank has paid TL 112.284 in February and August 2019, the coupon payment amount of unmatrued additional tier 1 capital Sukuk and has recognized it under "prior periods' profit/loss" as well.

(\*) Under "other capital reserves" the Parent 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.****CONSOLIDATED STATEMENT OF CASH FLOWS  
AS OF DECEMBER 31, 2020**

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

STATEMENT OF CASH FLOWS		Audited	Audited
		CURRENT PERIOD	PRIOR PERIOD
		January 1- December 31, 2020	January 1- December 31, 2019
		Notes (Section Five-VI)	
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1</b>	<b>Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>2.216.768</b>
1.1.1	Profit Share Income Received		3.409.799
1.1.2	Profit Share Expense Paid		(1.781.221)
1.1.3	Dividend Received		-
1.1.4	Fees and Commissions Received		266.682
1.1.5	Other Income		628.358
1.1.6	Collections from Previously Written Off Loans	(V-I-6,h2)	608.331
1.1.7	Payments to Personnel and Service Suppliers		(912.882)
1.1.8	Taxes Paid		(132.320)
1.1.9	Others	(V-VI-3)	130.021
<b>1.2</b>	<b>Changes In Operating Assets And Liabilities</b>		<b>(7.186.880)</b>
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(3.236.981)
1.2.2	Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(2.178.742)
1.2.3	Net (Increase) Decrease in Loans		(9.830.159)
1.2.4	Net (Increase) Decrease in Other Assets		(993.462)
1.2.5	Net Increase (Decrease) in Bank Deposits		(1.600.976)
1.2.6	Net Increase (Decrease) in Other Deposits		10.868.959
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)	(215.519)
<b>I.</b>	<b>Net Cash Flow From Banking Operations</b>		<b>(4.970.112)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II.</b>	<b>Net cash flow from investing activities</b>		<b>807.643</b>
2.1	Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(708)
2.2	Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-
2.3	Purchases of Property and Equipment		(173.884)
2.4	Disposals of Property and Equipment		505.245
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(78.509)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1.339.025
2.7	Purchase of Financial Assets Measured at Amortised Cost	(V-I-4)	(1.740.999)
2.8	Sale of Financial Assets Measured at Amortised Cost	(V-I-4)	957.473
2.9	Other		-
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III.</b>	<b>Net Cash Flow From Financing Activities</b>		<b>4.693.467</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued		32.924.345
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(28.007.100)
3.3	Issued Capital Instruments		-
3.4	Dividends Paid		-
3.5	Payments for Leases		(85.538)
3.6	Other		(138.240)
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(V-VI-3)	<b>336.393</b>
<b>V.</b>	<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>867.391</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	(V-VI-a)	<b>7.189.681</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	(V-VI-b)	<b>8.057.072</b>

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, 2020

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

STATEMENT OF PROFIT APPROPRIATION	Audited	Audited
	CURRENT PERIOD December 31, 2020	PRIOR PERIOD December 31, 2019
<b>I. Distribution of current year income</b>		
1.1. Current year income	323.735	87.293
1.2. Taxes and duties payable (-)	68.998	23.864
1.2.1. Corporate tax (Income tax)	10.912	4.722
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (*)	58.086	19.142
<b>A. Net income for the year (1.1-1.2)</b>	<b>254.737</b>	<b>63.429</b>
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	3.172
1.5. Other statutory reserves (-)	-	1.082
<b>B. Distributable net period income [(A)-(1.3+1.4+1.5)] (**)</b>	<b>254.737</b>	<b>59.175</b>
1.6. First dividend to shareholders (-)	-	-
1.6.1. To owners of ordinary shares	-	-
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. Dividend to personnel (-)	-	-
1.8. Dividend to board of 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	-	59.175
1.13. Other reserves	-	-
1.14. Special funds	-	-
<b>II. Distribution from reserves</b>		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	-
2.3. Share to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. Share to personnel (-)	-	-
2.5. Share to board of directors (-)	-	-
<b>III. Earnings per share</b>		
3.1. To owners of ordinary shares (***) (Full TL)	0,189	0,070
3.2. To owners of ordinary shares (%)	18,86	7,05
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
<b>IV. Dividend per share</b>		
4.1. To owners of ordinary shares (Full TL)	-	-
4.2. To owners of ordinary shares (%)	-	-
4.3. To owners of preferred shares	-	-
4.4. To owners of preferred shares (%)	-	-

(\*) 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, 2020

(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, 2020, 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., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha Gmbh, 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. İnovasyon Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu, Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu respectively.

The preparation of the consolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Group's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes. Accounting policies and evaluation principles in preparing Financial statements are determined and applied as per the principles stated in "BRSA Accounting and Financial Reporting Legislation" and consistent with the accounting policies applied for December 31, 2019 financial statements except that are stated in part Three, note VII.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

The covid 19 pandemia showed up in China, spreaded in various countries and caused upper respiratory infections. The pandemia has affected economical conditions locally and globally in especially the countries, which are most exposed to it and caused operational malfunctions. As a result of World wide spread of the pandemia, like all over the World, the measurements have been taken in our country in order to prevent viral shedding. Beside these measurements, economical measurements are being taken to minimise the effects of pandemia for individuals and firms in the world and in our country.

While preparing December 31, 2020 financials, the Parent Bank has reflected the possible impacts of covid 19 pandemia to the estimates and assumptions used in preparing financial statements. The estimates and assumptions used in expected credit loss provisions are explained under information on expected credit losses.

### d) Restatement of the financial statements according to the current purchasing power of money:

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

### e) Comparative information and classifications:

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

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

The Group creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit sharing accounts. Other than current and profit sharing accounts, the Parent Bank’s most important funding sources are its equity and borrowings from foreign financial institutions. The Parent Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

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

If the loans recognized in the foreign currency accounts are switched to non performing, they are continued to be recognized in the foreign currency accounts and evaluated with the current exchange rates.

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

The balance sheet items of the foreign branches and foreign subsidiary of the Parent Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Parent Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold and silver) accounted under assets and liabilities, which do not have fixed maturity, are translated into Turkish lira by using the buying rate at the balance sheet date announced by the Parent Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Group.

## III. Information on consolidated associates:

Consolidated financial statements are prepared in accordance with the decrees, notes and explanations set forth in Communiqué on “Preparation of Consolidated Financial Statements of Banks” published in the Official Gazette dated November 8, 2006, numbered 26340 and “Turkish Accounting Standard for Consolidated Financial Statements” (“TFRS 10”).

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

### 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.

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
Değer 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, 2020

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

### 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	Parent Bank's Effective Percentage of Shares (%)	Group's Direct and Indirect Effective Percentage of Shares (%)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	89,86	89,86
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	92,76	92,76
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	88,88	88,88
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	47,26	100,00
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	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.	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	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. Inovasyon Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	To incorporate innovative fintech projects inside the Parent Bank as co-founder or make the fintech projects more flexible and active in present companies by becoming their partner ,to invest these companies' shares and terminate the investment in the development or advanced phase by sale, merger, public offer.	13,86	25,53
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu <sup>(1)</sup>	Istanbul/Turkey	To invest in the initial stages or growth stages of new generation start-up companies or to be founder of them, to terminate the investment in the development or further stages of the company through methods such as sales, merger, and public offering.	0,00	100,00
Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu <sup>(1)</sup>	Istanbul/Turkey	To invest in civilian Technology companies such as information technology, game, Finance, cyber security, mobility, agriculture, health, energy, Firstly in Technopark (IT Valley) founded and operated by Muallim Köy Teknoloji Geliştirme Bölgesi Yönetici A.Ş. If these companies' centers are not in IT Valley, they must guarantee that their trade center or branches must be moved to IT Valley in 6 months (following the investment term) and register in common financial reporting system directed by IT Valley to report legal obligations. Requirements for the companies are that they are to be technology-based companies, have good accord to product and market and target market should be sound and ready for rapid growth.	12,73	12,73
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	Istanbul/Turkey	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.	18,11	18,11
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	Istanbul/Turkey	To invest in gold and gold backed capital market instruments, beside , involving in partnerships, participation accounts, promissory agreements, public or private sector lease certificates, and other interest free Money and capital market instruments approved by the Board.	24,17	24,17
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu	Istanbul/Turkey	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.	20,47	20,47
Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu <sup>(1)</sup>	Istanbul/Turkey	To direct the fund portfolio mainly to the domestic and / or foreign public and private sector lease certificates in foreign currency or gold based capital market instruments, participation accounts, promised contracts and other interest-free investment instruments approved by the Board to the portfolio between the range of 0% and 100%.	0,00	100,00

<sup>(1)</sup> Relevant funds are controlled by the funds which are consolidated and controlled by the Parent Bank that has indirect control over these funds.



# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### **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 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.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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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 of The Parent Bank in order to collect contractual cash flows over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the cash flow test that includes profit share payments arising only from principal and principal amount at specific dates.

#### b) The Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Parent Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value changes of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the cash flows test that includes profit share payments arising only from principal and principal amount at specific dates.

#### c) Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

#### Contractual cash flows that contains solely payments of principal and profit share:

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### Financial assets at the fair value through profit or loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and profit share at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. The Parent Bank recognizes profit and loss investments under “loans” as per BRSA uniform chart of accounts and measures them at fair value considering TFRS 9 provisions.

The revaluation reports as of December 31, 2020 prepared by appraisers have been taken into consideration in measuring the fair values of the profit and loss sharing investments. In evaluating profit share investment projects various assumptions and estimations have been used. Work projects, discount rates and fair value parameters may fluctuate and sensitive to COVID 19’s effect to market, economical conjuncture, and sectoral position, and other market conditions.

### 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.

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

The Parent Bank periodically evaluates the provisions allocated for loans and other receivables as per TFRS 9 retrospectively and as a result of those evaluations, if appropriate, updates the classification rules and parameters on allocation of provisions.

### VIII. Explanations on expected credit losses:

The Parent Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income. As of January 1, 2018, the Parent Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of January 1, 2018, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

The provisions written back are credited to “provision expenses”, and if such write backs are arising from previous year they are accounted under “other operating income”. The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and finance lease receivables) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

Because of the malfunction in economical and commercial operations as a result of the Covid-19 epidemic, BRSA has taken decisions dated March 17, 2020 numbered 8948 and March 27, 2020 numbered 8970 within the context of clause 4 and 5 of the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” which will be valid as of March 17, 2020. As a result of those decisions, it has been determined that 30 days overdue will be 90 days to classify first group loans as second group loans and 90 days overdue will be 180 days to classify first and second group loans as non performing loans. All changes will be applied until June 30, 2021.

In this context;

- Temporarily it is possible that loans which are not collected up to 90 days to be classified under first group, up to 180 days classified under second group.
- The Customers who have rescheduled loans have been enabled to postpone the installments without breaking existing rescheduled contracts within the mentioned period.
- In finalizing the Pro rata banks protocols, the operations which will take time will be extended with common accord.

As a result, the provisions to be allocated for such receivables will continue as per the risk models under TFRS 9 the banks use in calculating expected credit losses.

As of December 31, 2020, under these flexibilities mentioned above, the Parent Bank has cash receivables amount to TL 383.417 over 30 days due and TL 108.762 over 90 days due, these receivables are classified under first and second group and TL 1.390 and TL 18.472 expected credit losses have been allocated respectively. In addition, the loan amounting to TL 603.718 which was classified as Stage 3 loan before December 31, 2020, has been classified as Stage 2 loan and provision allocations continued according to Stage 3 ECL methodology for those loans.

As stated under the note of significant estimates and assumptions in preparing financial statements, the Parent Bank has changed the parameters in allocating provisions by using the best estimates and assumptions for expected credit losses to reflect the possible impact of Covid 19 pandemia to its financial statements as of December 31, 2020. In provisioning parameters, base scenario rate has been updated as 80% negative condition scenario rate has been updated as 20% and positive condition scenario has been revoked. In order to calculate the impact of macroeconomical factors to lifelong expected credit losses, the model has been set by using the data from first quarter of 2010 to third quarter of 2020. In this model NPL rates of the banks operating in the same sector has been used and supportive data from previous terms have been received. As a result of model update works, the parameters of unemployment, gross domestic product and consumer price index have been found meaningful. Under this context, this approach used for the fourth quarter of 2020, will be reviewed in the coming reporting periods by considering the changes in outcomes of pandemia, credit portfolio and expectations related to the future.

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. Credit risk parameters used in the calculations are as follows:

### Parameters used when calculating expected credit losses:

#### Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the Parent Bank uses two different PDs in order to calculate expected credit losses:

- 12-Months PD: As the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: As the estimated probability of default occurring over the remaining life of the financial instrument.

#### Loss Given Default (LGD):

If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

#### Exposure at Default (EAD):

For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion rate corresponds to the factor which adjust the potential increase of the exposure between the current date and the default date.

Financial Assets are divided into the following three categories depending on observable increases in their credit risks:

#### 12 Month Expected Credit Losses (Stage 1):

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition and the delay days do not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan. The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

As per the decision by BRSA dated March 27, 2020 numbered 8970, which is valid from March 17, 2020 until June 30, 2021, the cash loans which are between 30 and 90 days overdue are classified under first group loans.

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### Significant Increase in Credit Risk (Stage 2):

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

The 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.

As per the decision by BRSA dated March 27, 2020 numbered 8970, which is valid from March 17, 2020 until June 30, 2021, the loans that are between 90 and 180 days overdue are classified under second group loans.

### 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. In addition, as per the decision by BRSA dated March 17, 2020 numbered 8948, which is valid from March 17, 2020 until June 30, 2021, the definition of "default" is that the receivable is 180 days overdue instead of 90 days).
- Loans restructured and classified as performing receivables and restructured in the 1-year monitoring period at least once again and & or loans whose principal / profit payment is 30 days overdue.

### 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.

### 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.

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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 discounted operations to tangible assets.

A discontinued operation is a part of the Group's business which has been disposed of or classified as held for sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Group has not any discontinued operations.

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

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

### 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, 2020, 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:

	<b>Depreciation Rate %</b>
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

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The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as five years. After January 1, 2010 in cases where leasing period is more than five years, the useful life is determined as five years.

If there is an indication for impairment, the Group estimates the recoverable amount of the tangible asset in accordance with TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than its carrying value, provides for an impairment loss. Fixed assets which are carried at fair value in the financial statements are revalued by independent Capital Markets Board licensed firms in accordance with TFRS 13.

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

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

In accordance with TFRS 16, right-of-use asset is represented under tangible assets in the balance sheet.

### **XIV. Explanations on investment property:**

Investment properties are retained in order to benefit for administrative purposes and production and supply of goods or services either or both obtain rental income or appreciation gain instead of selling them in ordinary workflow. Investment properties are accounted initially at cost then at fair value for the coming periods and changes are recognized in statement of profit or loss.

The cost includes the expenses directly associated with the purchase.

If the investment property is sold, all profits and losses incurred (referring the difference between sale price and carrying value of the asset) are recognized in statement of profit or loss. If the investment properties which are recognized as fixed assets beforehand are sold, their revaluation differences (if there are any) under equity are transferred to prior year profits.

If a real estate's intended purpose amended and it is recognized again under fixed assets, the fair value at the date of the amendment becomes the cost for the next accounting transaction.

### **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.



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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. The lessee re-measures the lease obligation if certain events occur (for example, changes in lease duration, forward lease payments due to changes in a particular index or rate, etc.). In this case, the lessee records the reassignment effect of the lease obligation as a correction on the right to use.

### Right to use asset:

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

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

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

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

While the Parent Bank is depreciating the right- to- use asset it utilizes the provisions for depreciation in TAS 16 Tangible Assets Standard.

### The lease liabilities:

At the effective date of the lease, the Parent Bank measures its leasing liability at the present value of the lease payments not paid at that time. If this ratio can be determined easily, lease payments are discounted using the Parent Bank's average profit rate. If the ratio cannot be easily determined, the Parent Bank uses its own alternative borrowing rate.

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

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.

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

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

### **XVII. Explanations on liabilities regarding employee rights:**

#### *i) Defined benefit plans:*

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

In accordance with the existing social legislation in 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, 2020, there is an actuarial loss amounts to TL 57.906 before deferred tax calculation. (December 31, 2019: TL 35.264 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%.

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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.

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 it 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. The tax rate of 22% valid for 3 years beginning from 1 January 2018, will be applied as 20% beginning from 1 January 2021. Therefore, the rate of 20% was used in the deferred tax calculation as of December 31, 2020 (December 31, 2019: 22% for the temporary differences expected to be realized/ closed within 2020, the corporate tax rate applicable after 2020 is 20%).

As explained in detailed note under "XIX." Additional explanations on borrowings, deferred tax is calculated for exchange difference and coupon payment for Tier 1 under equity and deferred tax expenses.

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### Transfer pricing:

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

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

### XIX. Additional explanations on borrowings:

The Group accounts its debt instruments in accordance with TFRS 9 “Financial Instruments”. In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Parent Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

There are no debt securities issued by the Parent Bank. The Parent Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. and its structured entities Bereket One Ltd. and Albaraka Sukuk Ltd.

The Parent Bank has subordinated loans borrowed through sukuk issuance, which has convertible nature to the shares.

### 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:

None.

### XXI. Explanations on acceptances and availed drafts:

Acceptances and availed drafts are realized simultaneously by the Parent Bank with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

### XXII. Explanations on government grants:

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

### XXIII. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note XI.

### XXIV. Explanations on other matters:

There is no other matter.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020**

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**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, 2020, the Parent Bank’s total capital has been calculated as TL 5.642.560 and capital adequacy standard ratio is 14,18%. As of December 31, 2019, the Parent Bank’s total capital amounted to TL 5.182.122 and capital adequacy ratio was 15,91%. 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
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.350.000	900.000
Share issue premiums	14.855	-
Reserves	1.164.647	1.182.456
Gains recognized in equity as per TAS	568.785	953.069
Profit	302.304	90.045
Current Period Profit	302.304	90.045
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	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3.400.591</b>	<b>3.125.570</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
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	46.311	27.223
Improvement costs for operating leasing	20.340	24.273
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	44.312	33.949
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	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	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>222.414</b>	<b>196.896</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>3.178.177</b>	<b>2.928.674</b>

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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	Current Period	Prior Period
<b>ADDITIONAL TIER I CAPITAL</b>		
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)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>775.720</b>	<b>775.720</b>
<b>Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	<b>-</b>	<b>-</b>
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>775.720</b>	<b>775.720</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.953.897</b>	<b>3.704.394</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.374.112	1.362.486
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)	321.443	116.745
<b>Tier II Capital Before Deductions</b>	<b>1.695.555</b>	<b>1.479.231</b>
<b>Deductions From Tier II Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>1.695.555</b>	<b>1.479.231</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5.649.452</b>	<b>5.183.625</b>
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>-</b>	<b>-</b>
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	6.892	1.503

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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	Current Period	Prior Period
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
<b>Total Capital (Total Core Capital and Supplementary Capital)</b>	<b>5.642.560</b>	<b>5.182.122</b>
<b>Total risk weighted amounts</b>	<b>39.792.959</b>	<b>32.572.892</b>
<b>Capital Adequacy Ratios</b>		
Consolidated Core Capital Adequacy Ratio (%)	7,99	8,99
Consolidated Tier 1 Capital Adequacy Ratio (%)	9,94	11,37
Consolidated Capital Adequacy Ratio (%)	14,18	15,91
<b>BUFFERS</b>		
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3,49	4,49
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	279.792	231.614
<b>Limits related to provisions considered in Tier II calculation</b>	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	321.443	116.745
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	321.443	116.745
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

<sup>(1)</sup> Amounts in this column represents the amounts of items that are subject to transition provisions.

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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In press release by BRSA dated March 23, 2020 it is stated that there are financial market turbulences as a result of Covid 19 pandemia. Because of this, in calculating credit risk as per "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is possible that last 252 working days (before calculation date) arithmetical averages of central bank buying exchange rates can be used in calculating the revalued amounts of monetary and non-monetary items and their specific provisions. The items, which are carried at cost, is out of scope. In addition, if the net revaluation amounts are negative for "Financial Assets Measured at Fair Value through Other Comprehensive Income", these negative amounts may not be considered in calculating equity calculated as per "Regulation on Equity of Banks". However, if the financial Assets Measured at Fair Value through Other Comprehensive Income acquired after March 23, 2020, then the existing clauses of the regulation is applied. As of December 31, 2020, the Bank utilized the facilities mentioned above.

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
<b>Special Consideration in the Calculation of Equity</b>		
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No	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 1.374.112	TL 775.720 <sup>(1)</sup>
Par Value of Instrument	TL 1.717.640	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2025 Total Repayment Amount of Profit Share: USD 131.250.000 (first 5 year), USD 117.137.500 (second 5 years) Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share for 5 years: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
<b>Profit Share/Dividends</b>		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	9,371 % (first 5 years: 10,50%)	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative
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	-	-
<b>Write-down feature</b>		
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

<sup>(1)</sup> Represented as historical cost.



# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### 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.

### 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".

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

<b>Risk Categories</b>	<b>Current Period Risk Amount</b>	<b>Average Risk Amount<sup>(1)</sup></b>
Receivables from central governments or central banks	12.076.435	8.824.029
Receivables from regional or local governments	263.340	109.083
Receivables from administrative units and non-commercial enterprises	71.654	103.530
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	4.529.116	4.922.036
Receivables from corporates	22.272.637	18.926.859
Retail receivables	7.450.300	6.347.644
Receivables secured by mortgages on property	3.892.785	3.110.637
Past due receivables	515.372	651.073
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	2.603	1.467
Other receivables	6.251.513	5.522.591
Equity share investments	98.679	104.632
<b>TOTAL</b>	<b>57.424.434</b>	<b>48.623.581</b>

<sup>(1)</sup> Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2020.

(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 51% (December 31, 2019: 53%) and 60% (December 31, 2019: 62%) 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 43% (December 31, 2019: 45%) and 55% (December 31, 2019: 56%) 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, 2019: 44%) and 53% (December 31, 2019: 51%) respectively.

(7) The Parent Bank's expected credit loss amount for its credit risk except non-cash loans (Stage 1 and 2) is TL 620.083 (December 31, 2019: TL 202.542).

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

### (8) Profile on significant risks in significant regions:

	Risk Categories (*)												
	1	2	3	4	5	6	7	8	9	10	11	12	Total
<b>Current Period</b>													
Domestic	12.075.930	263.340	71.654	-	2.106.871	21.031.237	7.391.850	3.874.184	513.815	2.603	6.251.282	71.450	53.654.216
EU Countries	-	-	-	-	484.454	176.618	7.946	5.579	3	-	-	18.643	693.243
OECD Countries (**)	-	-	-	-	23.828	-	6	-	-	-	-	-	23.834
Off-shore banking regions	-	-	-	-	757.610	361.038	34.454	7.270	-	-	-	-	1.160.372
USA, Canada	-	-	-	-	238.941	47.240	809	578	-	-	-	-	287.568
Other countries	505	-	-	-	917.412	656.504	15.235	5.174	1.554	-	231	8.586	1.605.201
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12.076.435</b>	<b>263.340</b>	<b>71.654</b>	<b>-</b>	<b>4.529.116</b>	<b>22.272.637</b>	<b>7.450.300</b>	<b>3.892.785</b>	<b>515.372</b>	<b>2.603</b>	<b>6.251.513</b>	<b>98.679</b>	<b>57.424.434</b>
<b>Prior Period</b>													
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	1.264.976
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>9.765.536</b>	<b>99.368</b>	<b>111.062</b>	<b>-</b>	<b>5.189.846</b>	<b>16.780.575</b>	<b>5.358.754</b>	<b>2.868.084</b>	<b>703.682</b>	<b>-</b>	<b>5.320.837</b>	<b>107.397</b>	<b>46.305.141</b>

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

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

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

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

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### 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
<b>1 Agriculture</b>	-	-	-	-	-	<b>78.153</b>	<b>104.118</b>	<b>30.178</b>	<b>1.848</b>	-	-	-	<b>175.619</b>	<b>38.678</b>	<b>214.297</b>
1.1 Farming and stockbreeding	-	-	-	-	-	73.918	64.215	14.275	1.621	-	-	-	117.440	36.589	154.029
1.2 Forestry	-	-	-	-	-	4.038	38.936	15.866	226	-	-	-	56.977	2.089	59.066
1.3 Fishery	-	-	-	-	-	197	967	37	1	-	-	-	1.202	-	1.202
<b>2 Manufacturing</b>	-	<b>1</b>	<b>930</b>	-	-	<b>10.303.464</b>	<b>2.333.099</b>	<b>1.138.224</b>	<b>202.647</b>	-	-	-	<b>6.689.612</b>	<b>7.288.753</b>	<b>13.978.365</b>
2.1 Mining	-	-	-	-	-	602.620	30.666	11.619	1.515	-	-	-	326.440	319.980	646.420
2.2 Production	-	-	32	-	-	8.954.675	2.242.944	1.046.773	174.051	-	-	-	6.140.020	6.278.455	12.418.475
2.3 Electricity, gas, water	-	1	898	-	-	746.169	59.489	79.832	27.081	-	-	-	223.152	690.318	913.470
<b>3 Construction</b>	-	-	-	-	-	<b>5.068.676</b>	<b>699.214</b>	<b>484.885</b>	<b>101.659</b>	-	-	-	<b>3.653.544</b>	<b>2.700.890</b>	<b>6.354.434</b>
<b>4 Services</b>	<b>4.089.419</b>	-	<b>70.654</b>	-	<b>3.575.920</b>	<b>6.058.268</b>	<b>2.603.111</b>	<b>1.084.537</b>	<b>104.783</b>	<b>2.603</b>	<b>792.710</b>	<b>98.679</b>	<b>8.196.086</b>	<b>10.284.598</b>	<b>18.480.684</b>
4.1 Wholesale and retail trade	-	-	44	-	-	2.995.329	1.752.810	432.461	60.094	-	-	-	3.569.079	1.671.659	5.240.738
4.2 Hotel, food and beverage services	-	-	-	-	-	212.729	45.436	32.176	15.301	-	-	-	123.449	182.193	305.642
4.3 Transportation and telecommunication	-	-	-	-	-	199.301	170.697	50.492	8.149	-	-	-	292.940	135.699	428.639
4.4 Financial institutions	4.089.419	-	-	-	3.569.207	844.584	10.944	221.086	159	2.603	80.368	80.368	2.542.370	6.276.000	8.818.370
4.5 Real estate and renting services	-	-	35.702	-	-	6.713	1.752.537	395.417	270.082	6.200	792.710	18.311	1.280.299	1.997.373	3.277.672
4.6 Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.7 Education services	-	-	13.751	-	-	1.106	14.177	14.401	2.851	-	-	-	46.181	105	46.286
4.8 Health and social services	-	-	21.157	-	-	52.682	213.630	63.839	12.029	-	-	-	341.768	21.569	363.337
<b>5 Other</b>	<b>7.987.016</b>	<b>263.339</b>	<b>70</b>	-	<b>953.196</b>	<b>764.076</b>	<b>1.710.758</b>	<b>1.154.961</b>	<b>104.435</b>	<b>-</b>	<b>5.458.803</b>	<b>-</b>	<b>7.880.657</b>	<b>10.515.997</b>	<b>18.396.654</b>
<b>6 Total</b>	<b>12.076.435</b>	<b>263.340</b>	<b>71.654</b>	-	<b>4.529.116</b>	<b>22.272.637</b>	<b>7.450.300</b>	<b>3.892.785</b>	<b>515.372</b>	<b>2.603</b>	<b>6.251.513</b>	<b>98.679</b>	<b>26.595.518</b>	<b>30.828.916</b>	<b>57.424.434</b>

- 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

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**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	-	530.329	740.194	604.006	2.214.815
2 Receivables from regional or local governments	-	-	-	99.736	-
3 Receivables from administrative units and non-commercial enterprises	2	-	227	37.579	13.344
4 Receivables from multilateral development banks	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-
6 Receivables from banks and brokerage houses	168.491	3.505	37.244	14.576	709.168
7 Receivables from corporates	922.902	2.664.688	1.556.314	3.517.973	11.681.313
8 Retail receivables	233.445	488.123	1.016.048	1.329.584	3.264.901
9 Receivables secured by mortgages on property	140.193	179.312	264.743	699.948	2.375.613
10 Past due receivables	7.563	6	5	1	1.168
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Securities collateralized by mortgages	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-
15 Other receivables	-	-	-	-	-
16 Equity share investments	-	-	-	-	-
<b>17 TOTAL</b>	<b>1.472.596</b>	<b>3.865.963</b>	<b>3.614.775</b>	<b>6.303.403</b>	<b>20.260.322</b>

(9) While determining risk weights of receivables from banks and receivables from central banks and central governments indicated in the sixth article of "Regulation on Measurement and Assessment of Capital Adequacy of Banks", rating grades obtained from rating agencies commissioned by customers are being used. Resident banks and intermediary firms are evaluated as unrated and credit rating agencies' ratings are considered for non resident counterparties. The ratings by IIRA (International Islamic Rating Agency) are considered for receivables from central governments or central banks. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

The match-up of the ratings by rating agencies are represented in "credit quality stages" in the following table:

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	Credit Quality stage	Fitch Ratings	Moody's Investor Service	S&P Ratings Services	Japan Credit Rating Agency	DBRS	IIRA	
The match-up of the ratings	Long term credit ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	BB (high) to BB (low)	BB+ to BB-
		5	B+ to B-	B1 to B3	B+ to B-	B+ to B-	B (high) to B (low)	B+ to B-
		6	CCC+ ve lower	Caa1 ve lower	CCC+ ve lower	CCC ve lower	CCC (high) ve lower	CCC+ ve lower
	Short term credit ratings	1	F1+ to F1	P-1	A-1+ to A-1	J-1	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	J-2	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	J-3	R-3	A-3
		4	F3 lower	NP	A-3 lower	J-3 lower	R-3 lower	A-3 lower
		5	-	-	-	-	---	-
		6	-	-	-	-	---	-
	Ratings for long term securitization positions	1	AAA to AA-	Aaa to Aa3	AAA to AA-	-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	-	BB (high) to BB (low)	BB+ to BB-
		5	B+ ve lower	B1 ve lower	B+ ve lower	-	B (high) ve lower	B+ ve lower
		6	-	-	-	-	-	-
	Ratings for short term securitization positions	1	F1+ to F1	P-1	A-1+ to A-1	-	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	-	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	-	R-3	A-3
		Diğerleri	F3 lower	NP	A-3 lower	-	R-3	A-3 lower
The match-up for collective investment undertakings	1	AAA to AA-	Aaa to Aa3	FCQR: AAAf to AA-f; PSFR: AAAm to AA-m	-	-	-	
	2	A+ to A-	A1 to A3	FCQR: A+f to A-f; PSFR: A+m to A-m	-	-	-	
	3	BBB+ to BBB-	Baa1 to Baa3	FCQR: BBB+f to BBB-f; PSFR: BBB+m to BBB-m	-	-	-	
	4	BB+ to BB-	Ba1 to Ba3	FCQR: BB+f to BB-f; PSFR: BB+m to BB-m	-	-	-	
	5	B+ to B-	B1 to B3	FCQR: B+f to B-f; PSFR: B+m to B-m	-	-	-	
	6	CCC+ ve lower	Caa1 ve lower	FCQR: CCC+f ve lower; PSFR: CCC+m ve lower	-	-	-	

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks" are presented below:

Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	Deductions from Shareholders' Equity
1 Amount before credit risk mitigation	14.320.608	-	3.674.684	1.303.686	3.215.662	7.450.300	27.270.425	189.069	-	71.544
2 Amount after credit risk mitigation	15.319.719	-	4.045.962	1.293.696	3.364.222	6.668.963	26.543.161	188.711	-	71.544

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### (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 2020, 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, 2020, 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)	
<b>1 Agriculture</b>	<b>10.871</b>	<b>5.639</b>	<b>7.374</b>
1.1 Farming and stockbreeding	1.326	4.374	888
1.2 Forestry	9.545	1.262	6.483
1.3 Fishery	-	3	3
<b>2 Manufacturing</b>	<b>2.064.888</b>	<b>873.379</b>	<b>708.614</b>
2.1 Mining	159.388	13.131	119.746
2.2 Production	1.563.647	855.246	577.104
2.3 Electricity, gas, water	341.853	5.002	11.764
<b>3 Construction</b>	<b>670.608</b>	<b>574.754</b>	<b>498.961</b>
<b>4 Services</b>	<b>341.782</b>	<b>323.829</b>	<b>249.847</b>
4.1 Wholesale and retail trade	78.031	165.870	89.361
4.2 Hotel, food and beverage services	162.097	41.300	20.971
4.3 Transportation and telecommunication	47.710	81.622	97.194
4.4 Financial institutions	26	5.937	3.410
4.5 Real estate and renting services	45.208	2.675	34.672
4.6 Self-employment services	2.670	1.785	939
4.7 Education services	64	7.885	807
4.8 Health and social services	5.976	16.755	2.493
<b>5 Other</b>	<b>447.450</b>	<b>267.675</b>	<b>208.268</b>
<b>6 Total</b>	<b>3.535.599</b>	<b>2.045.276</b>	<b>1.673.064</b>

### (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 <sup>(*)</sup>	Closing Balance
1.	Stage 3 Provisions	946.631	697.454	(470.965) <sup>(**)</sup>	74.830	1.247.950
2.	Stage 1 and 2 Provisions	185.151	424.813	(26.748)	1.441	584.657

<sup>(\*)</sup> Determined according to currency differences.

<sup>(\*\*)</sup> Includes reversal of provisions related to write off amounts to TL 53.145 and reversal of provisions of previous terms' non performing loans carried to performing loans by approximation amounts to TL 324.618.

Prior Period	Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments <sup>(*)</sup>	Closing Balance
1.	Stage 3 Provisions	893.485	633.455	(638.779) <sup>(**)</sup>	58.470	946.631
2.	Stage 1 and 2 Provisions	363.306	72.858	(251.051)	38	185.151

<sup>(\*)</sup> Determined according to currency differences.

<sup>(\*\*)</sup> Includes reversal of provisions related to write off amounts to TL 441.418.

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### 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	27.593.481	113.409	27.706.890
Iraq	553.815	-	553.815
Marshall Islands	325.016	-	325.016
Malta	119.824	-	119.824
Georgia	90.990	-	90.990
United States of America	48.009	-	48.009
Singapur	32.843	-	32.843
Italy	29.354	-	29.354
Romania	21.993	-	21.993
Other	40.356	-	40.356

### 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, 2020 - Balance sheet evaluation rate	7,352	9,024
As of December 30, 2020,	7,345	9,018
As of December 29, 2020,	7,331	8,986
As of December 28, 2020,	7,422	9,073
As of December 25, 2020,	7,527	9,160
As of December 24, 2020,	7,540	9,186

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 7,670 for 1 USD (December 2019: TL 5,839), TL 9,337 for 1 EUR (December 2019: TL 6,487). The Parent Bank is mainly exposed to EUR and USD currency risks.



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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### Information on currency risk of the Group:

	EUR	USD	Other FC <sup>(*)</sup>	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	2.627.839	6.554.536	2.691.004	11.873.379
Banks	424.770	627.450	1.581.873	2.634.093
Financial assets at fair value through profit and loss <sup>(**)</sup>	724.212	419.166	2.114.471	3.257.849
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	374	311.140	3.750	315.264
Loans and financial lease receivables <sup>(***)</sup>	6.100.765	13.251.567	83	19.352.415
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	951.652	1.441.097	-	2.392.749
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	17.226	17.226
Intangible assets	6.352	-	-	6.352
Other assets <sup>(****)</sup>	17.025	15.003	3.520	35.548
<b>Total assets</b>	<b>10.852.989</b>	<b>22.619.959</b>	<b>6.411.927</b>	<b>39.884.875</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	242.720	256.746	3.328	502.794
Other current and profit sharing accounts	8.264.359	20.927.991	6.452.857	35.645.207
Money market borrowings	354.470	675.296	-	1.029.766
Funds provided from other financial institutions and subordinated loans	1.903.596	2.816.073	-	4.719.669
Marketable securities issued	-	-	-	-
Miscellaneous payables	74.981	103.463	11.755	190.199
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	890	15.147	11.143	27.180
<b>Total liabilities</b>	<b>10.841.016</b>	<b>24.794.716</b>	<b>6.479.083</b>	<b>42.114.815</b>
<b>Net balance sheet position</b>	<b>11.973</b>	<b>(2.174.757)</b>	<b>(67.156)</b>	<b>(2.229.940)</b>
<b>Net off balance sheet position</b>	<b>(244.207)</b>	<b>2.670.013</b>	<b>142.713</b>	<b>2.568.519</b>
Derivative financial instruments assets <sup>(*****)</sup>	22.001	3.036.480	160.497	3.218.978
Derivative financial instruments liabilities <sup>(*****)</sup>	266.208	366.467	17.784	650.459
Non-cash loans <sup>(*****)</sup>	2.160.361	3.210.278	41.055	5.411.694
<b>Prior Period</b>				
Total assets	8.735.547	17.727.324	2.781.751	29.244.622
Total liabilities	8.573.707	17.397.454	2.389.282	28.360.443
<b>Net balance sheet position</b>	<b>161.840</b>	<b>329.870</b>	<b>392.469</b>	<b>884.179</b>
<b>Net off balance sheet position</b>	<b>(122.274)</b>	<b>61.052</b>	<b>9.191</b>	<b>(52.031)</b>
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 <sup>(*****)</sup>	2.052.218	3.212.326	38.392	5.302.936

<sup>(\*)</sup> TL 2.653.804 (December 31, 2019: TL 1.324.944) 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 1.308.455 (December 31, 2019: TL 425.089) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 6.203.756 (December 31, 2019: TL 5.657.689) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

<sup>(\*\*)</sup> Derivative financial instruments are included.

<sup>(\*\*\*)</sup> The balance includes foreign currency indexed loans and financial lease receivables of TL 1.227.719 (December 31, 2019: TL 2.154.914).

<sup>(\*\*\*\*)</sup> Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 6.775 (December 31, 2019: TL 1.591) is included in other assets.

<sup>(\*\*\*\*\*)</sup> In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 275.205 (December 31, 2019: TL 174.881) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 574.820 (December 31, 2019: TL 214.726).

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

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

The Parent Bank does not have any associate and subsidiary quoted at Borsa İstanbul.

The Parent Bank's equity securities which are not quoted at Borsa İstanbul are recognized at fair values and if the fair values are not measured reliably, they are recognized at cost.

The equity securities under banking book calculated as per credit risk standard method amount to TL 98.679. 100% risk weight is applied to related whole amount (December 31, 2019: TL 107.397)

### 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 considering the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Parent Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Parent Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Parent Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

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.

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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.

While assessing the sectors affected by COVID 19, the Bank has benefited from analyses by foreign rating institutions published to the general public. The sectors that are expected to be affected most are ranged from high risk to low risk and all customers are reclassified as per risk groups. These customers are reassessed in following up operations, stress test and sectoral concentration analysis and related reassessments will continue in the coming periods.

### Consolidated liquidity coverage ratio:

Current Period	Rate of "Percentage to be taken into account" not Implemented Total Value <sup>(1)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1 HIGH QUALITY LIQUID ASSETS			17.571.523	15.045.539
<b>CASH OUTFLOWS</b>				
2 Retail and Small Business Funds Collected	32.277.744	22.577.578	3.017.474	2.257.758
3 Stable Funds Collected	4.206.009	-	210.300	-
4 Less stable Funds Collected	28.071.736	22.577.578	2.807.174	2.257.758
5 Unsecured Funding other than Retail and Small Business Customers Deposits	15.783.796	11.351.414	7.252.235	5.365.166
6 Operational Funds Collected	9.603.544	7.375.474	2.400.886	1.843.869
7 Non-Operational Funds Collected	4.169.049	2.021.632	1.893.485	893.479
8 Other Unsecured Funding	2.011.203	1.954.308	2.957.864	2.627.818
9 Secured funding	-	-	-	-
10 Other Cash Outflows	2.961.137	1.835.096	2.961.137	1.835.096
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.961.137	1.835.096	2.961.137	1.835.096
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	11.654.186	5.438.121	1.122.951	664.035
<b>16 TOTAL CASH OUTFLOWS</b>			<b>14.353.797</b>	<b>10.122.055</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	-	-	-	-
18 Unsecured Lending Transactions	7.870.540	5.384.576	6.391.153	4.658.793
19 Other contractual cash inflows	3.001.309	2.693.309	3.001.309	2.693.309
<b>20 TOTAL CASH INFLOWS</b>	<b>10.871.849</b>	<b>8.077.885</b>	<b>9.392.462</b>	<b>7.352.102</b>
			<b>Upper limit applied amounts</b>	
<b>21 TOTAL HQLA</b>			<b>17.571.523</b>	<b>15.045.539</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>4.961.335</b>	<b>2.769.953</b>
<b>23 Liquidity Coverage Ratio (%)</b>			<b>354,17</b>	<b>543,17</b>

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

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	250,95	362,38
Date	November 28, 2020	October 4, 2020
Highest	457,31	692,18
Date	December 14, 2020	November 13, 2020
Average	354,17	543,17

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Prior Period	Rate of "Percentage to be taken into account" not Implemented Total Value <sup>(*)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(*)</sup>		
	TL+FC	FC	TL+FC	FC	
<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>					
1	HIGH QUALITY LIQUID ASSETS		10.361.457	8.516.166	
<b>CASH OUTFLOWS</b>					
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
<b>16</b>	<b>TOTAL CASH OUTFLOWS</b>			<b>10.198.740</b>	<b>7.254.594</b>
<b>CASH INFLOWS</b>					
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
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>8.839.854</b>	<b>5.526.528</b>	<b>7.427.301</b>	<b>4.940.194</b>
			<b>Upper limit applied amounts</b>		
<b>21</b>	<b>TOTAL HQLA</b>			<b>10.361.457</b>	<b>8.516.166</b>
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			<b>2.771.439</b>	<b>2.314.400</b>
<b>23</b>	<b>Liquidity Coverage Ratio (%)</b>			<b>373,87</b>	<b>367,96</b>

<sup>(\*)</sup> Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

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As per “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2019 are as follows:

Liquidity Coverage Ratio (%)	Prior 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 19, 2019
Average	373,87	367,96

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. Group’s high quality liquid assets are composed of 7,72% cash, 47,56% deposits in central banks and 44,72% securities considered as high quality liquid assets.

Group’s main funding sources are funds collected, funds borrowed, borrowings from money market, issued securities and subordinated loans. Funding source composition in report date is 82,26% funds collected, 17,74% funds borrowed, borrowings from money market, subordinated loans and securities issued.

Cash flows of derivatives that will take place within 30 days are considered in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

The Parent Bank manages all the transactions with its foreign branches and subsidiaries consolidated in the framework of central bank, markets and related legislation of the country in which the institutions are located. Consolidated liquidity risk of the Parent Bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with group strategies. The liquidity positions of consolidated subsidiaries are continuously monitored by the Parent Bank.

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### Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated <sup>(***)</sup> (****)	Total
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	6.174.136	7.070.296	-	-	-	-	-	13.244.432
Banks	2.471.295	755.918	152.502	-	-	-	-	3.379.715
Financial Assets at Fair Value Through Profit and Loss <sup>(†)</sup>	56.502	64.345	1.095.573	1.685.736	1.093.801	-	-	3.995.957
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	20.413	39.039	104.863	424.633	481.629	-	-	1.070.577
Loans <sup>(††)</sup>	277.200	4.035.336	6.146.363	11.915.513	15.446.029	1.965.579	797.326	40.583.346
Financial Assets Measured at Amortised Cost	-	17.202	519.557	948.585	1.739.456	-	-	3.224.800
Other Assets <sup>(****)</sup>	-	-	5.681	14.410	140.564	226.354	3.634.175	4.021.184
<b>Total Assets</b>	<b>8.999.546</b>	<b>11.982.136</b>	<b>8.024.539</b>	<b>14.988.877</b>	<b>18.901.479</b>	<b>2.191.933</b>	<b>4.431.501</b>	<b>69.520.011</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	501.088	28	-	11.060	-	-	-	512.176
Other current and profit sharing accounts	22.658.208	20.606.409	5.804.764	1.905.874	49.938	-	-	51.025.193
Funds provided from other financial institutions and subordinated loans	-	1.936.743	476.417	625.419	1.753.868	-	-	4.792.447
Money Market Borrowings	-	2.276.453	-	-	-	-	-	2.276.453
Marketable securities issued	-	852.448	1.800.000	1.389.715	-	-	-	4.042.163
Miscellaneous payables	-	329.829	98.598	49.109	99	-	1.286.463	1.764.098
Other liabilities	775.720	-	465	3.984	103.519	206.715	4.017.078	5.107.481
<b>Total Liabilities</b>	<b>23.935.016</b>	<b>26.001.910</b>	<b>8.180.244</b>	<b>3.985.161</b>	<b>1.907.424</b>	<b>206.715</b>	<b>5.303.541</b>	<b>69.520.011</b>
<b>Net Liquidity Gap</b>	<b>(14.935.470)</b>	<b>(14.019.774)</b>	<b>(155.705)</b>	<b>11.003.716</b>	<b>16.994.055</b>	<b>1.985.218</b>	<b>(872.040)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(62.018)</b>	<b>(109.221)</b>	<b>(65.751)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(236.990)</b>
Financial Derivative Assets	-	918.683	1.452.662	656.191	-	-	-	3.027.536
Financial Derivative Liabilities	-	980.701	1.561.883	721.942	-	-	-	3.264.526
<b>Non-Cash Loans</b>	<b>6.733.505</b>	<b>238.758</b>	<b>512.408</b>	<b>2.735.817</b>	<b>868.546</b>	<b>32.797</b>	<b>-</b>	<b>11.121.831</b>
<b>Prior Period</b>								
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
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
<b>Net Liquidity Gap</b>	<b>(7.398.517)</b>	<b>(12.507.462)</b>	<b>(4.680.629)</b>	<b>5.799.918</b>	<b>17.212.041</b>	<b>1.007.260</b>	<b>567.389</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>113</b>	<b>(108)</b>	<b>243</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>248</b>
Financial Derivative Assets	-	34.764	8.644	23.261	-	-	-	66.669
Financial Derivative Liabilities	-	34.651	8.752	23.018	-	-	-	66.421
<b>Non-Cash Loans</b>	<b>5.962.062</b>	<b>223.917</b>	<b>560.809</b>	<b>2.632.808</b>	<b>1.011.614</b>	<b>40.228</b>	<b>-</b>	<b>10.431.438</b>

(†) 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.

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

	Current Period <sup>(*)</sup>	Prior Period <sup>(*)</sup>
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards <sup>(*)</sup>	71.007.168	49.128.437
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	6.999.965	2.225.031
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	1.897.763	218.303
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	217	7.631
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	-	-
<b>Total Risk Amount</b>	<b>85.724.441</b>	<b>61.760.984</b>

(\*) 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.

As of December 31, 2020, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 4,60% (December 31, 2019: 5,32%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is that increase in average total risk amount is higher than increase in average capital amount.

	Current Period <sup>(*)</sup>	Prior Period <sup>(*)</sup>
<b>Balance sheet assets</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	71.507.442	49.365.269
2 (Assets deducted from Core capital)	(59.245)	(58.234)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	71.448.197	49.307.035
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	70.179	5.672
5 Potential credit risk amount of derivative financial assets and credit derivatives	35.331	11.228
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	105.510	16.900
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	303.792	186.303
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)	303.792	186.303
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	13.863.342	12.250.746
11 (Correction amount due to multiplication with credit conversion rates)	3.600	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	13.866.942	12.250.746
<b>Capital and total risk</b>		
13 Core Capital	3.943.968	3.288.556
14 Total risk amount (sum of lines 3, 6, 9 and 12)	85.724.441	61.760.984
<b>Leverage ratio</b>		
15 Leverage ratio (%)	4,60	5,32

(\*) The average of the last three months in the related periods

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### VIII. Explanations on presentation of consolidated financial assets and liabilities at fair value:

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

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated profit share accruals of corresponding financial assets or liabilities.

The fair values of financial assets and liabilities are calculated based on the following principles:

The fair values of investments measured at amortised cost are determined based on market prices. As of December 31, 2020, and December 31, 2019, 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.

	Carrying value		Fair value	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
<b>Financial Assets</b>				
Money market placements	-	-	-	-
Banks	3.415.141	4.194.547	3.415.141	4.194.547
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	3.982.273	572.477	3.982.273	572.477
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	1.070.577	1.987.737	1.070.577	1.987.737
Financial Assets Measured at Amortised Cost	3.224.800	1.994.319	3.082.412	2.080.209
Loans and financial lease receivables	40.583.346	29.749.089	37.787.460	27.049.251
<b>Financial Liabilities</b>				
Funds collected from banks via current accounts and profit sharing accounts	512.176	1.995.610	512.176	1.995.610
Other current and profit sharing accounts	51.025.193	37.743.590	51.025.193	37.743.590
Funds provided from other financial institutions	4.792.447	3.166.762	4.815.574	2.441.971
Marketable securities issued	4.042.163	2.519.419	4.082.368	2.746.056
Debts to Money Markets	2.276.453	18.237	2.024.503	18.037
Other Liabilities	1.764.098	1.489.279	1.764.098	1.489.279

#### b. Information on fair value measurement recognized in the financial statements:

IFRS 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I);
- 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);
- Data not based on observable data regarding assets and liabilities (Level III).



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Fair value hierarchy of the financial assets and liabilities of the Parent Bank carried at fair value according to the foregoing principles are given in the table below:

<b>Current period <sup>(*)</sup></b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
<b>Financial assets</b>				
<b>Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>				
	<b>3.976.810</b>	<b>-</b>	<b>5.463</b>	<b>3.982.273</b>
Government Securities	3.788.783	-	-	3.788.783
Equity securities	23.695	-	-	23.695
Other Financial Assets	164.332	-	5.463	169.795
<b>Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>				
	<b>1.051.111</b>	<b>2.602</b>	<b>-</b>	<b>1.053.713</b>
Equity securities <sup>(**)</sup>	-	-	-	-
Government Securities	1.051.111	-	-	1.051.111
Other Financial Assets	-	2.602	-	2.602
<b>Derivative Financial Assets</b>	<b>-</b>	<b>13.684</b>	<b>-</b>	<b>13.684</b>
<b>Financial Liabilities</b>				
Derivative financial liabilities	-	142.596	-	142.596

<sup>(\*)</sup> In the current period, there is no classification between level I and level II.

<sup>(\*\*)</sup> Equity securities amounting to TL 16.864 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 statement and not represented above table.

<b>Prior period <sup>(*)</sup></b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
<b>Financial assets</b>				
<b>Financial assets at fair value through profit and loss</b>				
	<b>572.477</b>	<b>-</b>	<b>-</b>	<b>572.477</b>
Government Securities	534.322	-	-	534.322
Equity securities	-	-	-	-
Other Financial Assets	38.155	-	-	38.155
<b>Financial assets- available for sale</b>				
	<b>1.979.718</b>	<b>-</b>	<b>-</b>	<b>1.979.718</b>
Equity securities <sup>(**)</sup>	15.293	-	-	15.293
Government Securities	1.964.425	-	-	1.964.425
Other Financial Assets	-	-	-	-
<b>Derivative Financial Liabilities</b>	<b>-</b>	<b>397</b>	<b>-</b>	<b>397</b>
<b>Financial liabilities</b>				
Derivative financial liabilities held for trading	-	849	-	849

<sup>(\*)</sup> In the prior period, there is no classification between level I and level II.

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

Apart from financial assets and financial liabilities, as of December 31, 2020 and 2019, the Parent Bank carries the real estates at fair value under tangible assets. Level III section is used in determining the related fair values.

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### 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.

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.

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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.

### 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.

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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 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.

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.

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For the risk of reputation to be avoided and/or controlled by the Parent Bank's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Parent Bank's reputation or image is detected.

Preparations are made for the worst-case scenarios in advance. In the evaluation of the reputation risk, the relationship, level and impact of operational risks to the reputation risk are also taken into account.

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

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

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

### 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)	34.772.045	29.462.092	2.781.764
2 Standardised approach (SA)	34.772.045	29.462.092	2.781.764
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	12.162	2.396	973
5 Standardised approach for counterparty credit risk (SA-CCR)	12.162	2.396	973
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	2.064.728	397.345	165.178
17 Standardised approach (SA)	2.064.728	397.345	165.178
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	2.944.024	2.711.059	235.522
20 Basic Indicator Approach	2.944.024	2.711.059	235.522
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	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>39.792.959</b>	<b>32.572.892</b>	<b>3.183.437</b>

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### b. Financial statements and regulatory exposures reconciliation:

#### b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

Current Period	Carrying values of items in accordance with Turkish Accounting Standards (TAS)					Not subject to capital requirements or deducted from capital
	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk <sup>(*)</sup>	
<b>Assets</b>						
Cash and cash equivalents	16.659.573	16.659.573	-	-	-	-
Financial assets at fair value through profit and loss	3.982.273	-	175	-	3.982.273	-
Financial Assets at Fair Value through Other Comprehensive Income	1.070.577	1.070.577	-	-	-	-
Financial Assets Measured at Amortised Cost	3.224.800	3.224.800	-	-	-	-
Derivative Financial Assets	13.684	-	13.684	-	13.684	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	35.426	-	-	-	-	35.426
<b>LOANS (Net)</b>	<b>40.583.346</b>	<b>41.161.111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(577.765)</b>
Loans	40.010.528	40.003.636	-	-	-	6.892
Financial Lease Receivables	360.149	360.149	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	2.045.276	2.045.276	-	-	-	-
Expected Credit Losses (-)	1.832.607	1.247.950	-	-	-	584.657
Assets Held for Sale and Assets of Discontinued Operations (Net)	131.050	131.050	-	-	-	-
Ownership Investments	327.378	327.378	-	-	-	-
Tangible Assets (Net)	1.389.470	1.369.130	-	-	-	20.340
Intangible Assets (Net)	46.887	2.575	-	-	-	44.312
Investment Property (Net)	1.261.475	1.261.475	-	-	-	-
Current Tax Asset	3.750	3.750	-	-	-	-
Deferred Tax Asset	191.360	191.360	-	-	-	-
Other Assets	669.814	669.814	-	-	-	-
<b>Total assets</b>	<b>69.520.011</b>	<b>66.072.593</b>	<b>13.859</b>	<b>-</b>	<b>3.995.957</b>	<b>(548.539)</b>
<b>Liabilities</b>						
Funds collected	51.537.369	-	-	-	-	51.537.369
Funds borrowed	3.059.885	-	-	-	-	3.059.885
Borrowings from money markets	2.276.453	-	-	-	-	2.276.453
Securities issued	4.042.163	-	-	-	-	4.042.163
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	142.596	-	-	-	-	142.596
Lease Payables	328.395	-	-	-	-	328.395
Provisions	202.524	8.698	-	-	-	193.826
Current Tax Liability	85.030	-	-	-	-	85.030
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.732.562	-	-	-	-	1.732.562
Other Liabilities	1.764.098	-	-	-	-	1.764.098
Shareholders' equity	4.348.936	-	-	-	-	4.348.936
<b>Total liabilities</b>	<b>69.520.011</b>	<b>8.698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69.511.313</b>

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

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Prior Period	Carrying values of items in accordance with Turkish Accounting Standards (TAS)					
	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk <sup>(*)</sup>	Not subject to capital requirements or deducted from capital
<b>Assets</b>						
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
<b>LOANS (Net)</b>	<b>29.749.089</b>	<b>29.932.737</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(183.648)</b>
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	-	-	-	-
<b>Total assets</b>	<b>51.475.968</b>	<b>51.045.911</b>	<b>640</b>	<b>-</b>	<b>572.874</b>	<b>(142.817)</b>
<b>Liabilities</b>						
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
<b>Total liabilities</b>	<b>51.475.968</b>	<b>7.569</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.468.399</b>

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

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### b.2. Main reasons of the differences between the risk amounts and 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 <sup>(*)</sup>
1 Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	69.520.011	66.072.593	-	13.859	3.995.957
2 Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	8.698	-	-	-
<b>3 Total net amount within the scope of legal consolidation</b>	<b>69.520.011</b>	<b>66.063.895</b>	<b>-</b>	<b>13.859</b>	<b>3.995.957</b>
4 Off balance sheet amounts	20.658.930	6.246.299	-	36.296	-
5 Repo and similar transactions <sup>(**)</sup>	-	-	-	-	-
6 Differences in valuations	-	-	-	-	-
7 Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8 Differences arising from consideration of provisions	-	-	-	-	-
9 Differences arising from BRSA's applications	-	(14.885.760)	-	-	-
<b>10 Risk amounts</b>	<b>90.178.941</b>	<b>57.424.434</b>	<b>-</b>	<b>50.155</b>	<b>3.995.957</b>

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

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

Prior Period	Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk <sup>(*)</sup>
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	-	-	-
<b>3 Total net amount within the scope of legal consolidation</b>	<b>51.475.968</b>	<b>51.038.342</b>	<b>-</b>	<b>640</b>	<b>572.874</b>
4 Off balance sheet amounts	12.676.641	6.528.030	-	2.854	-
5 Repo and similar transactions <sup>(**)</sup>	-	-	-	-	-
6 Differences in valuations	-	-	-	-	-
7 Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8 Differences arising from consideration of provisions	-	-	-	-	-
9 Differences arising from BRSA's applications	-	(11.261.231)	-	-	-
<b>10 Risk amounts</b>	<b>64.152.609</b>	<b>46.305.141</b>	<b>-</b>	<b>3.494</b>	<b>572.874</b>

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

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

### b.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.



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**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.1) The Parent Bank's (II.) 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	2.045.276	40.433.986	1.895.916	40.583.346
2	Debt securities	-	8.070.374	19.153	8.051.221
3	Off-balance sheet exposures	61.872	14.304.996	34.741	14.332.127
<b>4</b>	<b>Total</b>	<b>2.107.148</b>	<b>62.809.356</b>	<b>1.949.810</b>	<b>62.966.694</b>

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)			Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted			
1	Loans	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
<b>4</b>	<b>Total</b>	<b>2.289.941</b>	<b>45.700.412</b>	<b>1.212.839</b>	<b>46.777.514</b>

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

	Current Period	Prior Period
<b>1</b> Defaulted loans and debt securities at end of the previous reporting period	<b>2.289.941</b>	<b>1.950.374</b>
2 Loans and debt securities that have defaulted since the last reporting period	1.657.706	1.240.709
3 Receivables back to non-defaulted status	(1.172.677)	(90.359)
4 Amounts written off	(53.145)	(441.418)
5 Other changes	(614.677)	(369.365)
<b>6</b> Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	<b>2.107.148</b>	<b>2.289.941</b>

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

The scope and definitions of past due receivables and the methods used by the Parent Bank to determine the provisions are mentioned in the Explanations on Credit risk.

The Parent Bank may restructure not only non-performing credits but also the first and the second stage credits. Restructuring for the first and the second stage credits are made to improve the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk. Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan.

Breakdown for receivables in terms of sectors are 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 53.145 has been written off.

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### 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 <sup>(*)</sup>	858.224	3.535.599	4.393.823

<sup>(\*)</sup> As of December 31, 2020, the Parent Bank has cash receivables amount to TL 383.417 over 30 days due and TL 108.762 over 90 days due, these receivables are classified under first and second group and TL 1.390 and TL 18.472 expected credit losses have been allocated respectively. In addition, the loan amounting to TL 603.718 which was classified as Stage 3 loan before December 31, 2020, has been classified as Stage 2 loan and provision allocations continued according to Stage 3 ECL methodology for those loans.

	0-30 Days	31-90 Days	Total
Prior Period	411.986	3.665.055	4.077.041

### Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans <sup>(*)</sup>	Specific Provision <sup>(*)</sup>
Domestic	1.998.272	1.202.596
Off-shore Banking Countries	41.509	41.509
Other Countries	5.495	3.845
<b>General Total</b>	<b>2.045.276</b>	<b>1.247.950</b>

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

Prior Period	Non-performing Loans <sup>(*)</sup>	Specific Provision <sup>(*)</sup>
Domestic	2.184.791	934.658
Off-shore Banking Countries	32.042	8.626
Other Countries	4.890	3.347
<b>General Total</b>	<b>2.221.723</b>	<b>946.631</b>

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

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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 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:

<b>Current Period</b>		<b>Exposures unsecured: carrying amount as per TAS</b>	<b>Exposures secured by collateral</b>	<b>Collateralized amount of exposures secured by collateral</b>	<b>Exposures secured by financial guarantees</b>	<b>Collateralized amount of exposures secured by financial guarantees</b>	<b>Exposures secured by credit derivatives</b>	<b>Collateralized amount of exposures secured by credit derivatives</b>
1	Loans	31.475.452	9.107.894	6.613.219	2.807.859	1.721.313	-	-
2	Debt securities	8.051.221	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>39.526.673</b>	<b>9.107.894</b>	<b>6.613.219</b>	<b>2.807.859</b>	<b>1.721.313</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	622.366	174.960	75.150	2.597	1.527	-	-

<b>Prior Period</b>		<b>Exposures unsecured: carrying amount as per TAS</b>	<b>Exposures secured by collateral</b>	<b>Collateralized amount of exposures secured by collateral</b>	<b>Exposures secured by financial guarantees</b>	<b>Collateralized amount of exposures secured by financial guarantees</b>	<b>Exposures secured by credit derivatives</b>	<b>Collateralized amount of exposures secured by credit derivatives</b>
1	Loans	22.484.742	7.264.347	5.079.229	1.061.069	472.864	-	-
2	Debt securities	4.503.490	-	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>26.988.232</b>	<b>7.264.347</b>	<b>5.079.229</b>	<b>1.061.069</b>	<b>472.864</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	1.043.668	231.424	179.911	2.040	617	-	-

### 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, 2020

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

### 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	12.075.854	1.337	12.787.975	580	96	0,00%
2	Receivables from regional or local governments	263.340	-	263.708	-	131.670	49,93%
3	Receivables from administrative units and non-commercial enterprises	50.209	46.608	50.209	21.445	59.780	83,43%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	4.095.527	516.991	4.183.430	433.589	2.220.032	48,08%
7	Receivables from corporates	18.680.521	6.492.853	18.368.520	3.592.118	21.529.150	98,04%
8	Retail receivables	5.606.373	5.011.676	5.123.747	1.843.927	5.046.352	72,43%
9	Receivables secured by mortgages on property	1.280.173	69.861	1.275.375	28.386	456.071	34,98%
10	Receivables secured by mortgages on commercial property	2.260.679	609.355	2.260.679	323.546	1.316.427	50,94%
11	Past due receivables	515.372	-	514.406	-	536.483	104,29%
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	2.603	-	2.603	-	2.603	100,00%
16	Other receivables	6.248.805	13.538	6.248.804	2.708	3.374.702	53,98%
17	Equity share investments	98.679	-	98.679	-	98.679	100%
<b>18</b>	<b>Total</b>	<b>51.178.135</b>	<b>12.762.219</b>	<b>51.178.135</b>	<b>6.246.299</b>	<b>34.772.045</b>	<b>60,55%</b>

Prior 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	4.878.697	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%
<b>18</b>	<b>Total</b>	<b>39.777.111</b>	<b>12.102.461</b>	<b>39.777.111</b>	<b>6.528.030</b>	<b>29.462.092</b>	<b>63,63%</b>

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

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

Risk Classes/Risk Weighted	Current Period										Total risk amount (post-CCF and CRM)		
	0%	10%	20%	35% secured by Property mortgage		50%	50%	75%	100%	150%		200%	Others
1 Receivables from central governments or central banks	12.726.101	-	-	-	-	62.358	-	-	96	-	-	-	12.788.555
2 Receivables from regional or local governments	-	-	-	-	-	263.708	-	-	-	-	-	-	263.708
3 Receivables from administrative units and non-commercial enterprises	508	-	14.208	-	-	-	-	-	56.938	-	-	-	71.654
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	5.103	-	2.834.996	-	-	159.870	-	-	1.617.050	-	-	-	4.617.019
7 Receivables from corporates	206.881	-	238.322	-	-	193.654	-	-	21.321.781	-	-	-	21.960.638
8 Retail receivables	136.943	-	161.768	-	-	-	-	6.668.963	-	-	-	-	6.967.674
9 Receivables secured by mortgages on property	2.467	-	2.726	1.293.696	-	4.282	-	-	590	-	-	-	1.303.761
10 Receivables secured by mortgages on commercial property	-	-	-	-	-	2.535.596	-	-	48.629	-	-	-	2.584.225
11 Past due receivables	56	-	4	-	-	144.754	-	-	180.881	188.711	-	-	514.406
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	-	-	-	-	-	-	-	-	2.603	-	-	-	2.603
16 Other receivables	2.241.660	-	793.938	-	-	-	-	-	3.215.914	-	-	-	6.251.512
17 Equity share investments	-	-	-	-	-	-	-	-	98.679	-	-	-	98.679
<b>18 Total</b>	<b>15.319.719</b>	<b>-</b>	<b>4.045.962</b>	<b>1.293.696</b>	<b>3.364.222</b>	<b>6.668.963</b>	<b>26.543.161</b>	<b>188.711</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57.424.434</b>

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Risk Classes/Risk Weighted	Prior Period							Total risk amount (post-CCF and CRM)				
	0%	10%	20%	35% secured by Property mortgage	50%	75%	100%		150%	200%	Others	
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	442.376	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
<b>18 Total</b>	<b>9.190.393</b>	<b>-</b>	<b>3.907.636</b>	<b>442.376</b>	<b>6.298.603</b>	<b>4.846.640</b>	<b>21.375.576</b>	<b>243.917</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46.305.141</b>

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### ç. Consolidated counterparty credit risk:

#### ç.1. Qualitative disclosure on counterparty credit risk (CCR):

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

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

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

Current Period		Replacement cost	Potential future exposure	EEPE <sup>(*)</sup>	Alpha used for computing regulatory exposure at default	EAD post -CRM	RWA
1	Standardised Approach - CCR (for derivatives)	13.859	36.296		-	50.155	9.341
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					-	-
<b>6</b>	<b>Total</b>						<b>9.341</b>

(\*) Effective Expected Positive Exposure

Prior Period		Replacement cost	Potential future exposure	EEPE <sup>(*)</sup>	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	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					-	-
<b>6</b>	<b>Total</b>						<b>1.857</b>

(\*) Effective Expected Positive Exposure

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

	Current Period		Prior Period	
	EAD post- CRM	RWA	EAD post-CRM	RWA
<b>Total portfolios subject to the Advanced CVA capital obligation</b>	-	-	-	-
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	50.155	2.821	3.494	539
<b>4 Total subject to the CVA capital obligation</b>	<b>50.155</b>	<b>2.821</b>	<b>3.494</b>	<b>539</b>

### ç.4. CCR exposures by risk class and risk weights:

Risk Classes	Current Period									Total credit exposure <sup>(1)</sup>
	Risk Weighted	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	38.142	-	-	-	-	-	-	-	-	38.142
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	2.746	951	-	-	-	-	-	3.697
Receivables from corporates	-	-	-	-	-	8.316	-	-	-	8.316
Retail receivables	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>38.142</b>	<b>-</b>	<b>2.746</b>	<b>951</b>	<b>-</b>	<b>8.316</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50.155</b>

<sup>(1)</sup> 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  
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Risk Classes	Risk Weighted									Total credit exposure <sup>(*)</sup>
	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	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.603</b>	<b>711</b>	<b>-</b>	<b>1.180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.494</b>

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

**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	-	5.597	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5.597</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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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	-	2.268	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>2.268</b>	-	-	-	-

### 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, 2019: 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, 2019: None).

### d. Consolidated securitization explanations:

There is not any information to be announced to public on securitization (December 31, 2019: None).

### e. Consolidated market risk

#### e.1. Qualitative disclosure on market risk:

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

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

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

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**e.2. Market risk under standardised approach:**

		<b>Current Period</b>	<b>Prior Period</b>
		<b>RWA</b>	<b>RWA</b>
<b>Outright products</b>			
1	Profit rate risk (general and specific)	487.590	90.108
2	Equity risk (general and specific)	226.818	5.014
3	Foreign exchange risk	1.226.213	201.276
4	Commodity risk	124.107	100.947
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
<b>9</b>	<b>Total</b>	<b>2.064.728</b>	<b>397.345</b>

**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, 2020, amount subject to operational risk and the calculation information are given below:

	<b>2 PP Value</b>	<b>1 PP Value</b>	<b>CP Value</b>	<b>Total number of years for which gross income is positive</b>	<b>Rate (%)</b>	<b>Total</b>
Gross Income	1.436.154	1.673.004	1.601.280	1.570.146	15	235.522
Amount subject to Operational Risk (Total*12,5)						2.944.024

**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.

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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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	(715.187)	(12,66)
TL	(-) 400bp	685.525	12,13
USD	(+) 200bp	97.872	1,73
USD	(-) 200bp	28.570	0,51
EUR	(+) 200bp	7.088	0,13
EUR	(-) 200bp	4.847	0,09
<b>Total (For Negative Shocks)</b>	<b>-</b>	<b>718.942</b>	<b>12,91</b>
<b>Total (For Positive Shocks)</b>	<b>-</b>	<b>(610.227)</b>	<b>(10,96)</b>

### 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	Commercial and				Total
	Retail	Corporate	Treasury	Undistributed	
Operating Income (Net)	(250.238)	2.284.745	1.030.512	174.025	3.239.044
Operating Expenses	(1.018.033)	(1.478.196)	(388.599)	30.678	(2.854.150)
Operating Income/Expenses	(1.268.271)	806.549	641.913	204.703	384.894
Profit/(Loss) Before Tax	(1.268.271)	806.549	641.913	204.703	384.894
Tax Expense	-	-	-	(73.788)	(73.788)
<b>Current Year Profit/(Loss)</b>	<b>(1.268.271)</b>	<b>806.549</b>	<b>641.913</b>	<b>130.915</b>	<b>311.106</b>
<b>Total Assets</b>	<b>4.029.989</b>	<b>38.607.745</b>	<b>23.912.672</b>	<b>2.969.605</b>	<b>69.520.011</b>
<b>Total Liabilities</b>	<b>33.945.848</b>	<b>20.068.499</b>	<b>11.271.373</b>	<b>4.234.291</b>	<b>69.520.011</b>

Prior Period	Commercial and				Total
	Retail	Corporate	Treasury	Undistributed	
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)
<b>Current Year Profit/(Loss)</b>	<b>(1.449.583)</b>	<b>915.958</b>	<b>457.447</b>	<b>172.957</b>	<b>96.779</b>
<b>Total Assets</b>	<b>2.574.413</b>	<b>28.499.436</b>	<b>17.385.810</b>	<b>3.016.309</b>	<b>51.475.968</b>
<b>Total Liabilities</b>	<b>26.441.681</b>	<b>15.314.905</b>	<b>5.744.992</b>	<b>3.974.390</b>	<b>51.475.968</b>

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**SECTION FIVE****Explanations and notes on the consolidated financial statements****I. Explanations and notes related to consolidated assets:****1. a. Cash and balances with the Central Bank of Republic of Turkey (CBRT):**

	Current Period		Prior Period	
	TP	YP	TP	YP
Cash/Foreign currency	153.161	1.304.238	128.031	894.076
CBRT	1.100.016	9.074.885	1.167.687	5.902.132
Other <sup>(*)</sup>	117.876	1.494.256	130.984	572.999
<b>Total</b>	<b>1.371.053</b>	<b>11.873.379</b>	<b>1.426.702</b>	<b>7.369.207</b>

<sup>(\*)</sup> Includes precious metals amounting to TL 768.007 (December 31, 2019: TL 145.266) and cash in transit amounting to TL 844.125 (December 31, 2019: TL 558.717) as of December 31, 2020.

**b. Information related to CBRT:**

	Current Period		Prior Period	
	TP	YP	TP	YP
Unrestricted demand deposit	1.092.052	2.012.553	1.167.543	1.279.517
Unrestricted time deposit	-	-	-	-
Restricted time deposit <sup>(*)</sup>	7.964	7.062.332	144	4.622.615
<b>Total</b>	<b>1.100.016</b>	<b>9.074.885</b>	<b>1.167.687</b>	<b>5.902.132</b>

<sup>(\*)</sup> As of December 31, 2020, the reserve requirement held in standard gold is TL 1.885.797 (December 31: 2019: TL 1.179.678)

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 per the regulation by CBRT dated November 27, 2020, the commission is paid to CBRT from foreign exchange reserves except USD kept at required reserves and foreign exchange call deposits.

As of December 31, 2020, the compulsory rates for the reserve deposits for Turkish Lira are implemented within an interval from 2% to 7% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 23% depending on maturity of deposits in relation to the credit growth ratio incentive.

In accordance with the “Communiqué Regarding the Reserve Requirements”, the income ratio is 12% for TL reserves.

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### c.1. Information on banks:

	Current Period		Prior Period	
	TP	YP	TP	YP
<b>Banks</b>				
Domestic <sup>(*)</sup>	781.048	1.427.679	1.109.920	840.053
Abroad	-	1.206.414	-	2.244.574
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>781.048</b>	<b>2.634.093</b>	<b>1.109.920</b>	<b>3.084.627</b>

<sup>(\*)</sup> Includes blockaged amount TL 764.198 (December 31, 2019: TL 1.032.679) booked under TL accounts arising from POS transactions

### c.2. Information on foreign bank accounts:

	Current period		Prior Period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	426.874	-	796.284	-
USA and Canada	247.689	-	1.104.077	-
OECD Countries <sup>(*)</sup>	26.696	-	95.442	-
Off-shore banking regions	8.040	-	5.232	-
Other <sup>(**)</sup>	396.892	100.223	220.548	22.991
<b>Total</b>	<b>1.106.191</b>	<b>100.223</b>	<b>2.221.583</b>	<b>22.991</b>

<sup>(\*)</sup> OECD countries other than EU countries, USA and Canada.

<sup>(\*\*)</sup> Represents the balance amounts to TL 330.923 in Iraq Banks belonging to Parent Bank's foreign branches "Erbil" and "Baghdad" (December 31, 2019: TL 153.234).

## 2. Information on financial assets measured at fair value through profit/loss:

### a. Information on financial assets measured at fair value through profit/loss subject to repurchase transactions and given as collateral or blocked:

As of December 31, 2020, nominal amounts subject to repurchase agreements is TL 427.455 (December 31, 2019: None).

As of December 31, 2020, the collateralized /blocked nominal amount is TL 5.655 (December 31, 2019: TL 895).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk	711.417	3.235.680	100.556	436.059
Equity Securities	12.921	10.774	-	-
Others	86	11.395	33.942	1.920
<b>Total</b>	<b>724.424</b>	<b>3.257.849</b>	<b>134.498</b>	<b>437.979</b>

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### 3. Information on financial assets measured at fair value through other comprehensive income:

#### a. Information on financial assets measured at fair value through other comprehensive income subject to repurchase transactions, given as collateral or blocked:

As of December 31, 2020, nominal amounts subject to repurchase agreements is TL 161.208 (December 31, 2019: None).

As of December 31, 2020, there is not any amount given as a collateral or blocked (December 31, 2019: TL 355.481).

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

	Current Period	Prior Period
<b>Debt securities</b>	<b>1.053.922</b>	<b>1.966.602</b>
Quoted on a stock exchange	1.053.922	1.966.602
Unquoted	-	-
<b>Investment Funds</b>	<b>2.602</b>	<b>-</b>
Quoted on a stock exchange	-	-
Unquoted	2.602	-
<b>Share certificates</b>	<b>16.864</b>	<b>23.312</b>
Quoted on a stock exchange	-	15.293
Unquoted	16.864	8.019
<b>Impairment provision (-)</b>	<b>2.811</b>	<b>2.177</b>
<b>Total</b>	<b>1.070.577</b>	<b>1.987.737</b>

### 4. Information on financial assets measured at amortised cost:

#### a. Information on financial assets measured at amortised cost subject to repurchase transactions, given as collateral or blocked:

As of December 31, 2020, nominal amounts subject to repurchase agreements is TL 421.831 (December 31, 2019: None)

As of December 31, 2020, the collateralized/blocked nominal amount is TL 290.072 (December 31, 2019: None).

#### b. Information on related to government securities measured at amortised cost:

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities <sup>(1)</sup>	3.224.800	1.934.483
<b>Total</b>	<b>3.224.800</b>	<b>1.934.483</b>

<sup>(1)</sup> Consists of Sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

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### c. Information related to financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	3.224.800	1.994.319
Quoted on a stock exchange	3.224.800	1.994.319
Unquoted	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>3.224.800</b>	<b>1.994.319</b>

### ç. Movements of the financial investments measured at amortised cost:

	Current Period	Prior Period
Balance at beginning of period	1.994.319	618.506
Foreign currency differences on monetary assets	424.544	32.804
Purchases during period <sup>(*)</sup>	1.740.999	1.442.377
Disposals through sales and redemptions <sup>(*)</sup>	(957.473)	(132.000)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	22.411	32.632
<b>Closing balance</b>	<b>3.224.800</b>	<b>1.994.319</b>

<sup>(\*)</sup> 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	5.725	-	138	-
Swap Transactions	7.959	-	-	259
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>13.684</b>	<b>-</b>	<b>138</b>	<b>259</b>

The Parent Bank has not any derivative financial assets for hedging purposes. (December 31, 2019: None).

## 6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	119.171	12.696	164.966	39.387
Corporate shareholders	114.657	12.346	164.690	39.037
Real person shareholders	4.514	350	276	350
Indirect loans granted to shareholders	818.807	34.537	632.926	27.308
Loans granted to employees	16.439	2.000	15.236	2
<b>Total</b>	<b>954.417</b>	<b>49.233</b>	<b>813.128</b>	<b>66.697</b>



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**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			
	Standard loans	Not under the scope of restructuring or rescheduling	Restructured	
			Loans with revised contract terms	Refinancing
<b>Cash Loans</b>				
<b>Loans</b>	<b>36.496.370</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>
Export loans	2.135.811	7.051	-	-
Import loans	2.767.225	26.060	29.495	-
Business loans	16.728.565	1.471.553	825.171	676.532
Consumer loans	3.783.301	60.337	15.812	-
Credit cards	452.167	2.326	-	-
Loans given to financial sector	1.625.242	-	-	-
Other <sup>(*)</sup>	9.004.059	50.256	309.957	39.608
Other receivables	-	-	-	-
<b>Total</b>	<b>36.496.370</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>

(\*) Details of other loans are provided below:

Commercial loans with installments	2.315.066
Other investment credits	1.168.616
Loans given to abroad	2.397.739
Profit and loss sharing investments <sup>(**)</sup>	3.200.820
Loans for purchase of marketable securities for customer	301.110
Other	20.529
<b>Total</b>	<b>9.403.880</b>

(\*\*) As of December 31, 2020, 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 Parent Bank. As of December 31, 2020, 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 94.353 for 2020 (TL 97.309 valuation profit, TL 2.956 valuation loss) between the total risk of the Parent Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 252.543 and valuation loss is TL 61.984 for profit and loss sharing investments.

**Prior Period**

	Loans Under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring or Rescheduling	Restructured	
			Amendments to the Terms of Contracts	Refinancing
<b>Cash Loans</b>				
<b>Loans</b>	<b>24.762.658</b>	<b>2.829.986</b>	<b>268.876</b>	<b>553.950</b>
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 <sup>(*)</sup>	6.026.908	171.117	53.823	137.088
Other receivables	-	-	-	-
<b>Total</b>	<b>24.762.658</b>	<b>2.829.986</b>	<b>268.876</b>	<b>553.950</b>

(\*) Details of other loans are provided below:

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Commercial loans with installments	1.207.001
Other investment credits	458.318
Loans given to abroad	1.698.852
Profit and loss sharing investments <sup>(*)</sup>	2.673.428
Loans for purchase of marketable securities for customer	283.110
Other	68.227
<b>Total</b>	<b>6.388.936</b>

<sup>(\*)</sup> 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 155.234 valuation profit, TL 59.028 valuation loss) between the total risk of the Parent Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. 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.

### 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	159.543	-
Significant Increase in Credit Risk	-	425.114

Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	100.058	-
Significant Increase in Credit Risk	-	85.093

### c. Maturity analysis of cash loans:

Cash Loans	Loans Under Follow-Up		
	Standard Loans	Non-restructured	Restructured
<b>Current Period</b>			
Short term loans	8.976.400	249.586	-
Medium and long-term loans <sup>(*)</sup>	27.519.970	1.367.997	1.896.575
<b>Total</b>	<b>36.496.370</b>	<b>1.617.583</b>	<b>1.896.575</b>

<sup>(\*)</sup> Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

Cash Loans	Loans Under Follow-Up		
	Standard Loans	Non-restructured	Restructured
<b>Prior Period</b>			
Short term loans	5.858.152	213.376	-
Medium and long-term loans <sup>(*)</sup>	18.904.506	2.616.610	822.826
<b>Total</b>	<b>24.762.658</b>	<b>2.829.986</b>	<b>822.826</b>

<sup>(\*)</sup> Loans with original maturities longer than 1 year are classified as "Medium and Long Term Loans".

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Consumer loans-TL</b>	<b>42.891</b>	<b>3.804.906</b>	<b>3.847.797</b>
Housing loans	13.476	3.272.095	3.285.571
Vehicle loans	10.696	403.853	414.549
Consumer loans	18.719	128.958	147.677
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>892</b>	<b>892</b>
Housing loans	-	892	892
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>116.069</b>	<b>214</b>	<b>116.283</b>
With installment	41.698	203	41.901
Without installment	74.371	11	74.382
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>8.595</b>	<b>2.166</b>	<b>10.761</b>
Housing loans	-	445	445
Vehicle loans	98	1.612	1.710
Consumer loans	8.497	109	8.606
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>5.658</b>	<b>20</b>	<b>5.678</b>
With installment	2.842	20	2.862
Without installment	2.816	-	2.816
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>173.213</b>	<b>3.808.198</b>	<b>3.981.411</b>

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Prior Period	Short-term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>42.191</b>	<b>2.378.802</b>	<b>2.420.993</b>
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	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>212</b>	<b>212</b>
Housing loans	-	212	212
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>104.320</b>	<b>172</b>	<b>104.492</b>
With installment	33.424	164	33.588
Without installment	70.896	8	70.904
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>7.948</b>	<b>1.544</b>	<b>9.492</b>
Housing loans	-	11	11
Vehicle loans	140	827	967
Consumer loans	7.808	706	8.514
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>5.723</b>	<b>21</b>	<b>5.744</b>
With installment	2.541	21	2.562
Without installment	3.182	-	3.182
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>160.182</b>	<b>2.380.751</b>	<b>2.540.933</b>

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**d. Information on commercial loans with installments and corporate credit cards:**

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>168.471</b>	<b>1.764.204</b>	<b>1.932.675</b>
Business loans	6.845	442.011	448.856
Vehicle loans	118.689	990.948	1.109.637
Consumer loans	42.937	331.245	374.182
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>115.144</b>	<b>115.144</b>
Business loans	-	65.599	65.599
Vehicle loans	-	9.475	9.475
Consumer loans	-	40.070	40.070
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>1.108</b>	<b>266.139</b>	<b>267.247</b>
Business loans	391	96.700	97.091
Vehicle loans	717	117.604	118.321
Consumer loans	-	51.835	51.835
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>331.660</b>	<b>872</b>	<b>332.532</b>
With installment	108.231	825	109.056
Without installment	223.429	47	223.476
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (legal entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (legal entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>501.239</b>	<b>2.146.359</b>	<b>2.647.598</b>

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>58.262</b>	<b>756.177</b>	<b>814.439</b>
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	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>199.773</b>	<b>199.773</b>
Business loans	-	101.807	101.807
Vehicle loans	-	23.898	23.898
Consumer loans	-	74.068	74.068
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>4.714</b>	<b>188.075</b>	<b>192.789</b>
Business loans	-	113.768	113.768
Vehicle loans	4.714	32.017	36.731
Consumer loans	-	42.290	42.290
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>275.332</b>	<b>252</b>	<b>275.584</b>
With installment	71.610	235	71.845
Without installment	203.722	17	203.739
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>338.308</b>	<b>1.144.277</b>	<b>1.482.585</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### e. Allocation of loans by customers:

	Current Period	Prior Period
Public	333.571	227.525
Private	39.676.957	28.187.945
<b>Total</b>	<b>40.010.528</b>	<b>28.415.470</b>

### f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	37.612.789	26.716.618
Foreign loans	2.397.739	1.698.852
<b>Total</b>	<b>40.010.528</b>	<b>28.415.470</b>

### g. Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TP	YP	TP	YP
Direct Loans Granted to Subsidiaries and Associates	2	-	3	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>3</b>	<b>-</b>

### ğ. Specific provisions for loans or provisions for default loans (stage 3):

	Current Period	Prior Period
Loans with limited collectability	133.510	250.661
Loans with doubtful collectability	92.404	114.063
Uncollectible loans	1.022.036	581.907
<b>Total</b>	<b>1.247.950</b>	<b>946.631</b>

Specific provisions in the amount of TL 1.247.950 (December 31, 2019: TL 946.631) comprise TL 441.674 (December 31, 2019: TL 418.351) 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	Uncollectible loans
<b>Current period</b>			
Gross amount before specific provisions	-	2.074	80.452
Restructured loans	-	2.074	80.452
<b>Prior period</b>			
(Gross amount before specific provisions)	1.645	42.080	92.590
Restructured loans and other receivables	1.645	42.080	92.590

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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## h.2. Movements of total non-performing loans:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
<b>Current Period</b>			
<b>Closing balance of prior period</b>	<b>466.434</b>	<b>319.648</b>	<b>1.435.641</b>
Additions in the current period (+)	818.060	353.978	485.668
Transfers from other categories of non-performing loans (+)	-	962.814	1.067.134
Transfers to other categories of non-performing loans (-)	962.814	1.067.134	-
Collections in the current period (-)	58.691	132.195	417.445
Transfers to standard loans and write off(-) <sup>(1)</sup>	69.124	196.751	959.947
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>193.865</b>	<b>240.360</b>	<b>1.611.051</b>
Provisions (-)	133.510	92.404	1.022.036
<b>Net balance at the balance sheet</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>

<sup>(1)</sup> According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 1.172.677 and the written off amount is TL 53.145. These transactions' impact to NPL ratio is 289 basis point. As stated in Note VIII "Expected Credit Losses", The Parent Bank has reclassified TL 603.718 as performing loans classified as non-performing loans before July 31, 2020 by approximation. The Parent Bank has continued to allocate NPL provisions to related credits.

Non-performing loans in the amount of TL 2.045.276 comprise TL 875.152 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
<b>Prior Period</b>			
<b>Closing balance of prior period</b>	<b>346.493</b>	<b>341.237</b>	<b>1.200.817</b>
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 and write off(-) <sup>(1)</sup>	9.200	82.368	440.209
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>466.434</b>	<b>319.648</b>	<b>1.435.641</b>
Specific provisions (-)	250.661	114.063	581.907
<b>Net balance at the balance sheet</b>	<b>215.773</b>	<b>205.585</b>	<b>853.734</b>

<sup>(1)</sup> 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 in the amount of TL 2.221.723 comprise TL 1.120.746 of participation account share of loans provided from participation accounts.

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### h.3. Non-performing loans and other receivables in foreign currencies:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
<b>Current period:</b>			
Period end balance	147.246	57.915	403.144
Provision (-)	113.479	36.969	352.207
<b>Net balance</b>	<b>33.767</b>	<b>20.946</b>	<b>50.937</b>
<b>Prior period:</b>			
Period end balance	262.392	19.248	99.860
Specific provision (-)	162.380	5.990	48.339
<b>Net balance</b>	<b>100.012</b>	<b>13.258</b>	<b>51.521</b>

### 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
<b>Current period (net)</b>			
Loans to individuals and corporates (gross)	193.865	240.360	1.611.051
Provision (-)	133.510	92.404	1.022.036
<b>Loans to individuals and corporates (net)</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (net)</b>			
Loans to individuals and corporates (gross)	466.434	319.648	1.435.641
Provision (-)	250.661	114.063	581.907
<b>Loans to individuals and corporates (net)</b>	<b>215.773</b>	<b>205.585</b>	<b>853.734</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>



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h.5. Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
<b>Current Period (Net)</b>	<b>10.116</b>	<b>43.507</b>	<b>139.389</b>
Profit Share Accruals and Valuation Differences	17.782	48.384	264.252
Provision (-)	7.666	4.877	124.863
<b>Prior Period (Net)</b>	<b>19.373</b>	<b>43.571</b>	<b>180.590</b>
Profit Share Accruals and Valuation Differences	25.237	58.290	279.633
Provision (-)	5.864	14.719	99.043

**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 Bank for receivables under follow up is to retire the receivables from assets in case of determination of the inability of collection through follow-up by the decision of Bank management. As of December 31, 2020, loans which deemed uncollectible amounts to TL 53.145 have been written off as per the decision taken by the bank management (December 31, 2019: TL 441.418).

**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	84.351	75.566	54.436	36.045
1 to 4 years	281.824	261.742	137.190	126.827
More than 4 years	27.587	22.841	83.308	80.806
<b>Total</b>	<b>393.762</b>	<b>360.149</b>	<b>274.934</b>	<b>243.678</b>

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

	Current Period	Prior Period
Financial lease receivables (Gross)	393.762	274.934
Unearned financial lease receivable (-)	33.613	31.256
<b>Net receivable from financial leases</b>	<b>360.149</b>	<b>243.678</b>

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### 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			
	Standard Loans	Not Under the Scope of Restructuring or Rescheduling	Restructured	
Loans with Revised Contract Terms			Refinancing	
<b>Current Period</b>				
Financial lease receivables (Net)	338.708	2.709	18.732	-
<b>Prior Period</b>				
Financial lease receivables (Net)	231.435	10.337	1.906	-

### 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	124.480	649.688
Additions	248.530	159.027
Disposals	(142.005)	(62.075)
Transfers <sup>(*)</sup>	(98.357)	(835.806)
Impairment Provision (-)/Reversal of Impairment Provision <sup>(*)</sup>	(1.598)	213.646
<b>Net closing balance</b>	<b>131.050</b>	<b>124.480</b>

(\*) 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, 2020, TL 131.042 (December 31, 2019: TL 123.357) of the assets held for sale is comprised of real estates, TL 8 (December 31, 2019: TL 1.123) is comprised of other tangible assets. The Parent Bank has not any discontinued operations and assets of discontinued operations.

### 9. Ownership investments:

#### a. Associates:

##### a.1. Information on unconsolidated associates:

None (December 31, 2019: TL 8.258).

##### a.2. Information on consolidated associates:

None (December 31, 2019: None).

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### b. Information on subsidiaries (net):

#### b.1. Information on unconsolidated subsidiaries:

The subsidiaries Albaraka Teknoloji Bilişim Sistemleri A.Ş., İnsha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş and Albaraka Kültür Sanat ve Yayımcılık A.Ş of Parent Bank controlled Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Fonu have not been consolidated since they are non-financial subsidiaries. The information related to those companies as of December 31, 2020 is as follows:

Title	Operation Center (City/Country)	Main Activities	Capital	(Fund) Share Percentage (%)	Fair value of the amount invested by the Fund
Albaraka Teknoloji Bilişim Sistemleri A.Ş.	İstanbul / Turkey	Information Technologies	33.000	100	38.515
İnsha Ventures Teknoloji Geliştirme ve Paz. A.Ş.	İstanbul / Turkey	Information Technologies	10.000	100	9.792
Albaraka Kültür Sanat ve Yayımcılık A.Ş	İstanbul / Turkey	Publication	7.000	100	4.153

Natura Gıda Sanayi ve Ticaret A.Ş, which is a subsidiary of “Değer Girişim Sermayesi Yatırım Fonu” controlled by the Parent Bank, has not been consolidated since it is a non-financial entity.

Name	Address (City/Country)	Parent Bank's share percentage- If different voting percentage (%)	(Fund) Share Rate (%)
Natura Gıda Sanayi ve Ticaret A.Ş	İstanbul/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, 2019.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss
422.806	(226.068)	254.038	-	-	(28.002)	(717.572)

#### b.2. Information on consolidated subsidiaries:

i) Bereket Varlık Kiralama A.Ş and Değer Varlık Kiralama A.Ş. which are subject to consolidation by the Parent Bank, the purpose of which are to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. have been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on “Principles Related to Rent Certificates and Asset Leasing Companies” dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Turkey and other related regulations. The founding capital of each company is TL 50. As of December 31, 2020, the capital of each company is TL 50. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. are consolidated using full consolidation method as of December 31, 2020.

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The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2020.

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	-

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
4.242.252	173	-	-	-	16	107	-

ii) The balances of Değer Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2020.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Değer Varlık Kiralama A.Ş.	Istanbul / Türkiye	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
57	50	-	-	-	-	-	-

iii) In the Board of Directors meeting dated February 25, 2015, the Parent Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. As of December 31, 2020, the capital of the company is TL 29.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2020.

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
50.884	47.724	1.257	3.843	-	16.823	412	-

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iv) As of December 31, 2020, unaudited financial statements of the Parent Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" is as follows

<b>Name</b>	<b>Address (City/Country)</b>	<b>Parent Bank's share percentage-If different voting percentage (%)</b>	<b>Risk share percentage of other shareholders (%)</b>
Insha GMBH	Berlin / Germany	100,00	-

<b>Total assets</b>	<b>Shareholders' equity</b>	<b>Total fixed assets</b>	<b>Dividend or profit share income</b>	<b>Income from marketable securities</b>	<b>Current period profit/loss</b>	<b>Prior years profit/loss</b>	<b>Fair value</b>
936.137 €	637.541 €	-	-	-	(1.116.963) €	(1.181.277) €	-

v) **Movement and Sectoral Information on consolidated subsidiaries:**

	<b>Current Period</b>	<b>Prior Period</b>
Amount at the beginning of the period	23.711	11.307
Movements inside the term	(300)	12.404
Purchases/new incorporations/capital increases	(300)	12.404
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	23.411	23.711
Capital commitments	-	-

<b>Share of the capital at the end of the period (%)</b>	<b>100</b>	<b>100</b>
--	------------	------------

	<b>Current Period</b>	<b>Prior Period</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	23.411	23.711

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

c.1. **Information on unconsolidated investments in joint-ventures:**

The Group does not have unconsolidated investments in joint-ventures as of the balance sheet date.

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### c.2. Information on consolidated investments in joint- ventures:

The Parent Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") a private pension and insurance company through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. As of December 31, 2020, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financial data from audited financial statements as of December 31, 2020 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	262.263	3.807.177	3.829.639	239.099	(197.239)

### 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, 2020 are as follows:

Investment Funds	Share of Parent Bank (%)	Share of Group (%)	Investment Amount of the Parent Bank or the Group	Income	Expenses	Net Profit /(Loss)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu <sup>(1)</sup>	89,86	89,86	359.799	40.242	27.951	12.291
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu <sup>(1)</sup>	88,88	88,88	295.152	35.715	26.431	9.284
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu <sup>(1)</sup>	92,76	92,76	366.106	26.611	13.803	12.808
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu <sup>(1)</sup>	47,26	100,00	323.091	18.349	5.198	13.151
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu <sup>(1)</sup>	100,00	100,00	166.289	729	4.976	(4.247)
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu <sup>(1)</sup>	100,00	100,00	10.000	2.073	439	1.634
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu <sup>(1)</sup>	0,00	100,00	12.000	830	74	756
Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu <sup>(1)</sup>	14,89	25,53	47.000	3.064	545	2.519
Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu <sup>(1)</sup>	12,73	12,73	45.834	750	59	691
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu <sup>(1)</sup>	18,11	18,11	800	478	137	341
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu <sup>(1)</sup>	20,47	20,47	700	156	57	99
Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu <sup>(1)</sup>	0,00	100,00	222.353	17.409	3.127	14.282
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu <sup>(1)</sup>	24,17	24,17	1.600	4.010	369	3.641

<sup>(1)</sup> Relevant financial data has been obtained from audited financial tables.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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**10. Information on tangible assets:**

Current period	Immovables	Leased tangible assets	Vehicles	Other <sup>(*)</sup>	Assets held for sale	Total
<b>Cost</b>						
<b>Opening balance: January 1, 2020</b>	<b>793.873</b>	-	<b>854</b>	<b>308.723</b>	<b>743.088</b>	<b>1.846.538</b>
Additions	41.159	-	1.285	70.405	-	112.849
Revaluation differences	41.708	-	-	-	-	41.708
Disposals	-	-	-	(13.270)	(290.271)	(303.541)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	4.080	4.080
Transfers	-	-	-	-	98.357	98.357
<b>Ending balance: December 31, 2020</b>	<b>876.740</b>	-	<b>2.139</b>	<b>365.858</b>	<b>555.254</b>	<b>1.799.991</b>
<b>Accumulated depreciation(-)</b>						
<b>Opening balance: January 1, 2020</b>	<b>112.284</b>	-	<b>606</b>	<b>214.647</b>	<b>2.416</b>	<b>329.953</b>
Depreciation expense	52.996	-	100	56.872	-	109.968
Reversal of depreciation of the disposed assets	-	-	-	(29.304)	(96)	(29.400)
Transfers	-	-	-	-	-	-
<b>Ending balance: December 31, 2020</b>	<b>165.280</b>	-	<b>706</b>	<b>242.215</b>	<b>2.320</b>	<b>410.521</b>
<b>Total cost at the end of the year</b>	<b>876.740</b>	-	<b>2.139</b>	<b>365.858</b>	<b>555.254</b>	<b>1.799.991</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(165.280)</b>	-	<b>(706)</b>	<b>(242.215)</b>	<b>(2.320)</b>	<b>(410.521)</b>
<b>Closing net book value</b>	<b>711.460</b>	-	<b>1.433</b>	<b>123.643</b>	<b>552.934</b>	<b>1.389.470</b>
<b>Prior period</b>						
	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
<b>Cost</b>						
<b>Opening balance: January 1, 2019</b>	<b>445.917</b>	-	<b>733</b>	<b>267.958</b>	<b>187.356</b>	<b>901.964</b>
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
<b>Ending balance: December 31, 2019</b>	<b>793.873</b>	-	<b>854</b>	<b>308.723</b>	<b>743.088</b>	<b>1.846.538</b>
<b>Accumulated depreciation(-)</b>						
<b>Opening balance: January 1, 2019</b>	<b>55.622</b>	-	<b>539</b>	<b>187.219</b>	<b>3.127</b>	<b>246.507</b>
Depreciation expense	56.735	-	67	42.208	-	99.010
Reversal of depreciation of the disposed assets	(73)	-	-	(14.780)	(711)	(15.564)
Transfers	-	-	-	-	-	-
<b>Ending balance: December 31, 2019</b>	<b>112.284</b>	-	<b>606</b>	<b>214.647</b>	<b>2.416</b>	<b>329.953</b>
<b>Total cost at the end of the year</b>	<b>793.873</b>	-	<b>854</b>	<b>308.723</b>	<b>743.088</b>	<b>1.846.538</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(112.284)</b>	-	<b>(606)</b>	<b>(214.647)</b>	<b>(2.416)</b>	<b>(329.953)</b>
<b>Closing net book value</b>	<b>681.589</b>	-	<b>248</b>	<b>94.076</b>	<b>740.672</b>	<b>1.516.585</b>

As of December 31, 2020, the immovables of the Parent Bank have been revalued by an independent valuer and revaluation fund of TL 300.370 (December 31, 2019: TL 270.910) 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 518.049 (December 31, 2019: TL 475.522), their amortisations amounting to TL 77.788 (December 31, 2019: TL 66.192), net carrying value is TL 440.261 (December 31, 2019: TL 409.330). As of December 31, 2020, 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 400.880 (December 31, 2020: TL 340.638) related amortisations amounting to TL 104.546 (December 31, 2019: TL 56.909).

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### 11. Information on intangible assets:

#### a. Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Gross book value	204.200	173.390
Accumulated depreciation (-)	157.313	137.580
<b>Total (net)</b>	<b>46.887</b>	<b>35.810</b>

#### b. Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	35.810	36.734
Additions	31.166	17.483
Disposals (-) (net)	32	-
Depreciation expense (-)	20.057	18.407
<b>Closing net book value</b>	<b>46.887</b>	<b>35.810</b>

### 12. Information on investment property:

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment properties <sup>(1)</sup>	1.261.475	-	1.419.315	-
<b>Total</b>	<b>1.261.475</b>	<b>-</b>	<b>1.419.315</b>	<b>-</b>

<sup>(1)</sup> 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" and "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu".



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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### 13. Information related to deferred tax asset:

As of December 31, 2020, the Group calculated net deferred tax asset of TL 191.360 (December 31, 2019: TL 166.345) by netting off deferred tax asset of TL 277.263 (December 31, 2019: TL 229.707) and deferred tax liability of TL 85.903 (December 31, 2019: TL 63.362) 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	46.315	56.241
Provisions for retirement premium and vacation pay liabilities	28.974	20.147
Difference between carrying value and tax base of tangible assets (amortization differences)	33.517	20.010
Depreciation of tangible assets	42.304	42.801
Provisions for cases on trial	4.037	3.444
Revaluation difference of financial assets measured at fair value through other comprehensive income	-	-
Provisions	63.397	24.961
Leasing profit share expenses	23.098	11.832
Other <sup>(1)</sup>	35.621	50.271
<b>Deferred tax asset</b>	<b>277.263</b>	<b>229.707</b>
Revaluation difference of property	24.803	21.063
Rediscount on profit share	9.333	8.445
Right of use assets	40.006	19.710
Other	11.761	14.144
<b>Deferred tax liability</b>	<b>85.903</b>	<b>63.362</b>
<b>Deferred tax asset (net)</b>	<b>191.360</b>	<b>166.345</b>

<sup>(1)</sup> Includes tax asset amounts to TL 6.402 calculated from financial losses (December 31, 2019: TL 55.794). Since the Parent Bank has projections on that it will acquire adequate taxable income to deduct these amounts in the coming periods, it has recognized TL 6.402 as deferred tax asset.

### 14. Information on other assets:

As of the balance sheet date, the Group's other assets balance is TL 669.814 (December 31, 2019: TL 648.648) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

#### 1. Information on funds collected:

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

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>1.992.760</b>	-	-	-	-	-	-	-	<b>1.992.760</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>2.463.568</b>	<b>4.087.946</b>	<b>153.137</b>	-	<b>26.584</b>	<b>499.675</b>	<b>12.971</b>	<b>7.243.881</b>
<b>III. Current Account other-TL</b>	<b>2.641.622</b>	-	-	-	-	-	-	-	<b>2.641.622</b>
Public Sector	105.782	-	-	-	-	-	-	-	105.782
Commercial Institutions	2.402.073	-	-	-	-	-	-	-	2.402.073
Other Institutions	114.555	-	-	-	-	-	-	-	114.555
Commercial and Other Institutions	9.858	-	-	-	-	-	-	-	9.858
Banks and Participation Banks	9.354	-	-	-	-	-	-	-	9.354
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	9.338	-	-	-	-	-	-	-	9.338
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>453.346</b>	<b>2.943.387</b>	<b>32.117</b>	-	<b>8.231</b>	<b>74.024</b>	-	<b>3.511.105</b>
Public Sector	-	27	108	-	-	-	-	-	135
Commercial Institutions	-	381.191	2.683.571	25.207	-	7.715	70.716	-	3.168.400
Other Institutions	-	71.921	258.159	6.910	-	516	3.308	-	340.814
Commercial and Other Institutions	-	207	1.521	-	-	-	-	-	1.728
Banks and Participation Banks	-	-	28	-	-	-	-	-	28
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>6.905.657</b>	-	-	-	-	-	-	-	<b>6.905.657</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>3.833.633</b>	<b>6.121.580</b>	<b>554.465</b>	-	<b>33.262</b>	<b>1.521.954</b>	<b>5.708</b>	<b>12.070.602</b>
<b>VII. Other Current Accounts FC</b>	<b>8.115.810</b>	-	-	-	-	-	-	-	<b>8.115.810</b>
Residents in Turkey-Corporate	5.966.304	-	-	-	-	-	-	-	5.966.304
Residents Abroad-Corporate	1.657.772	-	-	-	-	-	-	-	1.657.772
Banks and Participation Banks	491.734	-	-	-	-	-	-	-	491.734
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	485.347	-	-	-	-	-	-	-	485.347
Participation Banks	6.387	-	-	-	-	-	-	-	6.387
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	<b>691.876</b>	<b>2.067.408</b>	<b>57.440</b>	-	<b>14.922</b>	<b>19.547</b>	<b>983</b>	<b>2.852.176</b>
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	578.194	1.863.815	51.626	-	7.183	16.155	983	2.517.956
Other institutions	-	19.257	38.631	8	-	-	-	-	57.896
Commercial and Other Institutions	-	94.425	164.962	5.806	-	-	71	-	265.264
Banks and Participation Banks	-	-	-	-	-	7.739	3.321	-	11.060
<b>IX. Precious Metals Deposits</b>	<b>3.503.447</b>	<b>729.848</b>	<b>1.795.960</b>	<b>85.342</b>	-	<b>14.686</b>	<b>73.309</b>	<b>1.164</b>	<b>6.203.756</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>23.159.296</b>	<b>8.172.271</b>	<b>17.016.281</b>	<b>882.501</b>	-	<b>97.685</b>	<b>2.188.509</b>	<b>20.826</b>	<b>51.537.369</b>

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Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>1.683.275</b>	-	-	-	-	-	-	-	<b>1.683.275</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>2.908.832</b>	<b>5.077.473</b>	<b>207.355</b>	-	<b>34.125</b>	<b>401.888</b>	<b>13.686</b>	<b>8.643.359</b>
<b>III. Current Account other-TL</b>	<b>2.515.654</b>	-	-	-	-	-	-	-	<b>2.515.654</b>
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	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>343.256</b>	<b>1.329.289</b>	<b>41.872</b>	-	<b>56.180</b>	<b>59.858</b>	<b>183</b>	<b>1.830.638</b>
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
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>3.978.509</b>	-	-	-	-	-	-	-	<b>3.978.509</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>3.281.952</b>	<b>5.189.583</b>	<b>463.346</b>	-	<b>30.296</b>	<b>1.062.696</b>	<b>1.388</b>	<b>10.029.261</b>
<b>VII. Other Current Accounts FC</b>	<b>4.839.287</b>	-	-	-	-	-	-	-	<b>4.839.287</b>
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	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	<b>498.817</b>	<b>2.893.485</b>	<b>612.470</b>	-	<b>6.545</b>	<b>14.971</b>	<b>27</b>	<b>4.026.315</b>
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
<b>IX. Precious Metals Deposits</b>	<b>878.269</b>	<b>285.168</b>	<b>954.585</b>	<b>27.361</b>	-	<b>9.509</b>	<b>37.828</b>	<b>182</b>	<b>2.192.902</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+....+IX+X+XI)</b>	<b>13.894.994</b>	<b>7.318.025</b>	<b>15.444.415</b>	<b>1.352.404</b>	-	<b>136.655</b>	<b>1.577.241</b>	<b>15.466</b>	<b>39.739.200</b>

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### b. Information on participation fund under the guarantee of insurance:

#### b.1. Under the guarantee of Insurance and Exceeding the limit of insurance fund:

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

	Under the guarantee of Insurance	Under the guarantee of Insurance	Exceeding the guarantee of Insurance	Exceeding the guarantee of Insurance
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	4.996.232	5.855.401	4.241.399	4.471.232
Foreign currency accounts	6.815.438	4.485.043	17.579.364	11.489.849
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	101.643	40.415
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	17.468	16.974
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	-	-

## 2. Information on borrowings:

### a.1. Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	2.211.237	-	978.465
Other	72.778	775.870	100.219	712.914
<b>Total</b>	<b>72.778</b>	<b>2.987.107</b>	<b>100.219</b>	<b>1.691.379</b>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
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**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	72.778	392.353	100.219	252.151
Loans from foreign banks, institutions and funds	-	2.594.754	-	1.439.228
<b>Total</b>	<b>72.778</b>	<b>2.987.107</b>	<b>100.219</b>	<b>1.691.379</b>

**a.3. Maturity analysis of funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	72.778	2.754.314	100.219	1.129.603
Medium and Long-Term	-	232.793	-	561.776
<b>Total</b>	<b>72.778</b>	<b>2.987.107</b>	<b>100.219</b>	<b>1.691.379</b>

**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, 2019: None).

**3. Information on securities issued:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	4.042.163	-	2.519.419	-
<b>Total</b>	<b>4.042.163</b>	<b>-</b>	<b>2.519.419</b>	<b>-</b>

**4. Information on derivative financial liabilities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	3.850	-	504	41
Swap transactions	138.746	-	-	304
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>142.596</b>	<b>-</b>	<b>504</b>	<b>345</b>

The Parent Bank has not any derivative financial liabilities for hedging purposes (December 31, 2019: None).

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### 5. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	4.449	-	6.291	-
1 to 5 years	103.519	714	81.724	1.199
Over 5 years	206.716	12.997	199.740	11.706
<b>Total</b>	<b>314.684</b>	<b>13.711</b>	<b>287.755</b>	<b>12.905</b>

### 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 121.163 (December 31, 2019: TL 86.118), vacation pay liability amounting to TL 13.709 (December 31, 2019: TL 13.270) and performance premium amounting to TL 11.000 (December 31, 2019: TL 750) totaling to TL 145.872 (December 31, 2019: TL 100.138). 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 (%)	12,40	11,70
Estimated increase rate of salary ceiling (%)	10,70	8,90

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

	Current Period	Prior Period
Prior period ending balance	86.118	62.219
Change in the period	23.439	20.565
Actuarial (gain)/loss	22.642	13.716
Paid during the period	(11.036)	(10.382)
<b>Balance at the end of the period</b>	<b>121.163</b>	<b>86.118</b>

#### b. Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	26.446	11.047
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	-
Third stage expected loss provision for unindemnified letter of guarantees	4.578	3.686
Third stage expected loss provision for cheques commitments	3.717	3.883
Provision for promotions related with credit cards and promotion of banking services	217	224
Provisions for cases on trial	20.183	15.655
Accrual for purchase and sale commitments	725	291
Other	786	772
<b>Total</b>	<b>56.652</b>	<b>35.558</b>

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### b. Information on provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables:

As of December 31, 2020, the provision for foreign exchange losses on foreign currency indexed loans and lease receivables is TL1.325 (December 31, 2019: TL 901) 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, 2020, the Group's corporate tax payable is TL 12.130 (December 31, 2019: TL 5.586) after offsetting prepaid corporate tax.

##### a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	12.130	5.586
Banking insurance transaction tax	28.030	14.130
Taxation on securities income	14.122	24.408
Value added tax payable	2.224	1.872
Taxation on real estate income	548	1.230
Foreign exchange transaction tax	3.153	2.274
Income tax deducted from wages	10.656	10.442
Other	1.128	1.967
<b>Total</b>	<b>71.991</b>	<b>61.909</b>

##### a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	5.615	5.520
Social security premiums-employer	6.227	5.994
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	399	392
Unemployment insurance-employer	798	785
Other	-	-
<b>Total</b>	<b>13.039</b>	<b>12.691</b>

### 8. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2019: None).

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

	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	-	1.732.562	-	1.375.164
Subordinated loans	-	1.732.562	-	1.375.164
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1.732.562</b>	<b>-</b>	<b>1.375.164</b>

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 10,50 % for the first 5 years and 9.371% for the last 5 years (from May 2021). The Parent Bank has repurchased the sukuk issued in the amount of USD 16.371.000 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, 2019: None).

### 11. Information on shareholders' equity:

#### a. Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	1.350.000	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	1.350.000	2.500.000



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

As of December 31, 2019, the Parent Bank has completed capital increase through right issues and since the new capital had not been registered as of the related date, the increased amount TL 450.000 was represented under other capital reserves in equity. In 2020, following the registration, related amount has been transferred from other capital reserves to paid in capital.

<b>Date of increase</b>	<b>Increased Amount</b>	<b>Cash</b>	<b>Profit Reserves subjected to Increase</b>	<b>Capital Reserves subjected to Increase</b>
24.01.2020	450.000	450.000	-	-

**ç. Information on share capital increases from capital reserves during the current period:**

Capital increase through right issues amounts to TL 450.000 has been transferred from other capital reserves to paid in capital in 2020. The amount had been realized but not registered as of December 31, 2019. The amount transferred from capital reserves to paid in capital in the current period is represented in the following table.

<b>Marketable Securities Valuation Reserve</b>	<b>Tangible and Intangible Assets Revaluation Reserve</b>	<b>Associates, Subsidiaries and Joint ventures non paid up Shares</b>	<b>Other</b>
-	-	-	450.000

**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:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference <sup>(1)</sup>	(3.082)	5.308	3.499	36.033
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(3.082)</b>	<b>5.308</b>	<b>3.499</b>	<b>36.033</b>

<sup>(1)</sup> The amount represents the net balance after deferred tax calculation.

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### 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 310.576 (December 31, 2019: TL 172.336) has been recognized under prior years profit / loss.

### h. Information on minority shares:

As of December 31, 2020, minority shares calculated for full-consolidated uncontrolled shares amount to TL 218.936 (December 31, 2019: TL 157.436).

## 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	919.974	769.342
Payment commitments for cheques	667.621	631.606
Asset purchase and sale commitments	1.209.072	437.404
Loan granting commitments	429.887	262.517
Tax and funds liabilities arising from export commitments	13.538	10.381
Commitments for promotions related with credit cards and banking activities	398	335
Other irrevocable commitments	547	528
Other revocable commitments	4.000	-
<b>Total</b>	<b>3.245.037</b>	<b>2.112.113</b>

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

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

	Current Period	Prior Period
Letters of guarantees	9.202.929	8.718.394
Bank loans	49.363	14.463
Letters of credit	1.770.792	1.329.920
Other guaranties and sureties	98.747	368.661
<b>Total</b>	<b>11.121.831</b>	<b>10.431.438</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Letters of guarantees	9.202.929	8.718.394
Long standing letters of guarantees	5.865.414	5.448.790
Temporary letters of guarantees	445.644	371.560
Advance letters of guarantees	551.308	362.686
Letters of guarantees given to customs	564.615	366.118
Letters of guarantees given for obtaining cash loans	1.775.948	2.169.240
Sureties and similar transactions	98.747	368.661
<b>Total</b>	<b>9.301.676</b>	<b>9.087.055</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Non-cash loans given against cash loans	1.775.948	2.169.240
With original maturity of 1 year or less	445.879	555.521
With original maturity of more than 1 year	1.330.069	1.613.719
Other non-cash loans	9.345.883	8.262.198
<b>Total</b>	<b>11.121.831</b>	<b>10.431.438</b>

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

	<b>Current period</b>			
	<b>TL</b>	<b>(%)</b>	<b>FC</b>	<b>(%)</b>
<b>Agricultural</b>	<b>48.603</b>	<b>0,85</b>	<b>21.374</b>	<b>0,39</b>
Farming and stockbreeding	29.947	0,52	20.773	0,38
Forestry	17.730	0,31	601	0,01
Fishery	926	0,02	-	0,00
<b>Manufacturing</b>	<b>1.458.367</b>	<b>25,54</b>	<b>2.558.209</b>	<b>47,27</b>
Mining	35.507	0,62	27.660	0,51
Production	1.216.621	21,31	2.170.891	40,11
Electricity, gas and water	206.239	3,61	359.658	6,65
<b>Construction</b>	<b>1.276.062</b>	<b>22,35</b>	<b>602.784</b>	<b>11,14</b>
<b>Services</b>	<b>2.802.568</b>	<b>49,08</b>	<b>2.064.741</b>	<b>38,14</b>
Wholesale and retail trade	1.549.561	27,14	1.228.682	22,70
Hotel, food and beverage services	45.305	0,79	50.309	0,93
Transportation and telecommunication	231.496	4,05	83.966	1,55
Financial Institutions	207.272	3,63	554.681	10,25
Real estate and renting services	453.045	7,93	106.033	1,96
Self-employment services	153.684	2,69	23.898	0,44
Education services	52.239	0,91	226	0,00
Health and social services	109.966	1,94	16.946	0,31
<b>Other</b>	<b>124.537</b>	<b>2,18</b>	<b>164.586</b>	<b>3,06</b>
<b>Total</b>	<b>5.710.137</b>	<b>100,00</b>	<b>5.411.694</b>	<b>100,00</b>

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	Prior period			
	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>41.099</b>	<b>0,80</b>	<b>45.800</b>	<b>0,86</b>
Farming and stockbreeding	23.964	0,47	44.801	0,84
Forestry	16.274	0,31	999	0,02
Fishery	861	0,02	0	0,00
<b>Manufacturing</b>	<b>1.266.579</b>	<b>24,70</b>	<b>2.568.269</b>	<b>48,43</b>
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
<b>Construction</b>	<b>1.160.560</b>	<b>22,63</b>	<b>688.776</b>	<b>12,99</b>
<b>Services</b>	<b>2.574.523</b>	<b>50,20</b>	<b>1.889.532</b>	<b>35,64</b>
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	2,55	8.823	0,19
<b>Other</b>	<b>85.741</b>	<b>1,67</b>	<b>110.559</b>	<b>2,08</b>
<b>Total</b>	<b>5.128.502</b>	<b>100,00</b>	<b>5.302.936</b>	<b>100,00</b>

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

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
<b>Non-cash loans</b>	<b>5.582.217</b>	<b>5.331.329</b>	<b>89.560</b>	<b>70.410</b>
Letters of guarantee	5.519.271	3.475.701	89.560	70.082
Bank loans	-	49.363	-	-
Letters of credit	39.522	1.730.942	-	328
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	23.424	75.323	-	-

Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
<b>Non-cash loans</b>	<b>4.857.876</b>	<b>5.130.896</b>	<b>231.175</b>	<b>141.699</b>
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	-

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**2. Explanations on derivative transactions:**

	Derivative transactions according to purpose December 31,2020	Derivative transactions according to purpose December 31,2019
<b>Trading Derivatives</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>6.292.062</b>	<b>133.090</b>
Currency Forwards-Purchases, sales	243.125	75.187
Currency Swaps-Purchases, sales	6.048.937	57.903
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
<b>Profit share Rate Related Derivative Transactions (II)</b>	<b>-</b>	<b>-</b>
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
<b>Other Trading Derivatives (III)</b>	<b>-</b>	<b>-</b>
<b>A. Total Trading Derivatives (I + II + III)</b>	<b>6.292.062</b>	<b>133.090</b>
<b>Hedging Derivatives</b>		
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
<b>B. Total Hedging Derivatives</b>	<b>-</b>	<b>-</b>
<b>Total Derivatives Transactions (A+B)</b>	<b>6.292.062</b>	<b>133.090</b>

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

The Parent Bank has made a provision amounting to TL 20.183 (December 31, 2019: TL 15.655), 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.

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### 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
<b>Profit share received from loans(*)</b>				
Short Term Loans	491.018	126.555	519.583	153.434
Medium and Long-Term Loans(**)	1.578.454	735.265	1.546.305	550.248
Profit Share on Non-Performing Loans	129.976	4.095	186.228	4.238
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>2.199.448</b>	<b>865.915</b>	<b>2.252.116</b>	<b>707.920</b>

(\*) Includes fees and commission income on cash loans.

(\*\*) Includes TL 97.309 as fair value profit from profit and loss sharing investments. (December 31, 2019: TL 155.234).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	14.777	-	23.076	28.821
Domestic Banks	244	387	539	1.734
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>15.021</b>	<b>387</b>	<b>23.615</b>	<b>30.555</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	71.087	47.135	1.165	5.072
Financial Assets Measured at Fair Value through Other Comprehensive Income	95.657	71.505	92.070	63.584
Financial Assets Measured at Amortised Cost	114.405	82.555	82.866	25.715
<b>Total</b>	<b>281.149</b>	<b>201.195</b>	<b>176.101</b>	<b>94.371</b>

##### ç. Information on profit share income received from associates and subsidiaries:

None (December 31, 2019: None).

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**2. Explanations on profit share expenses:****a. Distribution of profit share expense on funds collected based on maturity of funds collected:**

Current Period	Profit sharing accounts							Accumulated profit sharing account	Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
<b>TL</b>									
Funds collected from banks through current and profit sharing accounts	-	3	315	-	-	-	-	-	318
Real persons' non-trading profit sharing accounts	224.930	421.278	16.651	-	2.892	44.431	1.097	-	711.279
Public sector profit sharing accounts	4	7	-	-	-	-	-	-	11
Commercial sector profit sharing accounts	39.554	171.758	8.873	-	3.472	4.994	-	-	228.651
Other institutions profit sharing accounts	3.225	16.576	241	-	44	282	-	-	20.368
<b>Total</b>	<b>267.713</b>	<b>609.622</b>	<b>26.080</b>	<b>-</b>	<b>6.408</b>	<b>49.707</b>	<b>1.097</b>	<b>-</b>	<b>960.627</b>
<b>FC</b>									
Banks	1.102	3.430	2.184	-	73	13	-	-	6.802
Real persons' non-trading profit sharing accounts	32.594	53.960	5.110	-	367	17.329	27	-	109.387
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	5.497	24.494	852	-	70	193	8	-	31.114
Other institutions profit sharing accounts	588	2.601	123	-	-	1	-	-	3.313
Precious metals deposits	652	2.068	73	-	22	120	1	-	2.936
<b>Total</b>	<b>40.433</b>	<b>86.553</b>	<b>8.342</b>	<b>-</b>	<b>532</b>	<b>17.656</b>	<b>36</b>	<b>-</b>	<b>153.552</b>
<b>Grand total</b>	<b>308.146</b>	<b>696.175</b>	<b>34.422</b>	<b>-</b>	<b>6.940</b>	<b>67.363</b>	<b>1.133</b>	<b>-</b>	<b>1.114.179</b>
<b>Prior Period</b>									
<b>Profit sharing accounts</b>									
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total	
<b>TL</b>									
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
<b>Total</b>	<b>368.695</b>	<b>816.710</b>	<b>46.548</b>	<b>-</b>	<b>14.822</b>	<b>81.151</b>	<b>1.738</b>	<b>-</b>	<b>1.329.664</b>
<b>FC</b>									
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
<b>Total</b>	<b>70.506</b>	<b>157.817</b>	<b>15.147</b>	<b>-</b>	<b>878</b>	<b>20.894</b>	<b>12</b>	<b>-</b>	<b>265.254</b>
<b>Grand total</b>	<b>439.201</b>	<b>974.527</b>	<b>61.695</b>	<b>-</b>	<b>15.700</b>	<b>102.045</b>	<b>1.750</b>	<b>-</b>	<b>1.594.918</b>

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

### b. Information on profit share expense paid to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	297	57.821	2.435	51.888
CBRT	-	-	-	-
Domestic banks	-	3.240	-	6.133
Foreign banks	297	54.581	2.435	45.755
Head offices and branches abroad	-	-	-	-
Other institutions	8.046	195.011	11.792	156.559
<b>Total</b>	<b>8.343</b>	<b>252.832</b>	<b>14.227</b>	<b>208.447</b>

### 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
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1.750</b>	<b>74</b>

### 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	297.535	-	417.097	58.037
<b>Total</b>	<b>297.535</b>	<b>-</b>	<b>417.097</b>	<b>58.037</b>

### 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	46.235	76.369
Clearing room fees and commissions	37.569	57.625
Commissions on money orders	31.393	20.362
Appraisal fees	17.014	10.706
Insurance and brokerage commissions	26.472	19.579
Checks and bills commissions	3.481	3.591
Safe deposit box commissions	2.616	2.164
Advocacy service commissions	4	4.726
Service pack commissions	8.126	15.171
Enquiry fees received	3.203	3.304
Fees and commissions from correspondent banks	3.272	3.039
Export credit commissions	7.767	3.682
Prepaid import commissions	20.617	13.339
Pledge Put and Mortgage Release Fees	3.827	2.264
Loan Limit Allocation Fees	14.910	-
Other	40.176	35.408
<b>Total</b>	<b>266.682</b>	<b>271.329</b>



**ALBARAKA TÜRK KATILIM BANKASI A.Ş.****NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2020**

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<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Funds borrowed fees and commissions	8.099	13.416
Credit cards fees and commissions	25.872	21.057
Member firm-POS fees and commissions	29.016	28.572
Fees and commissions for Swift, EFT and money orders	22.534	22.088
Required Reserves Commissions for CBRT in Foreign currency	58.815	-
Other	16.778	10.092
<b>Total</b>	<b>161.114</b>	<b>95.225</b>

**4. Information on dividend income:**

None (December 31, 2019: None).

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>23.853.999</b>	<b>11.101.412</b>
Income from capital market transactions <sup>(*)</sup>	96.388	66.310
Income from derivative financial instruments	74.655	88.113
Foreign exchange income	23.682.956	10.946.989
<b>Loss (-)</b>	<b>23.608.167</b>	<b>10.876.585</b>
Loss on capital market transactions	42.537	3.014
Loss on derivative financial instruments	216.783	110.105
Foreign exchange losses	23.348.847	10.763.466
<b>Trading Income/Loss (net)</b>	<b>245.832</b>	<b>224.827</b>

<sup>(\*)</sup> Includes income in the amount of TL 31.152 (December 31, 2019: TL 31.555) arising from Parent Bank's buying and selling transaction with a real person shareholder.**6. Explanations related to other operating income:**

	<b>Current Period</b>	<b>Prior Period</b>
Reversal of prior year provisions	460.353	456.494
Income from sale of assets	72.753	36.332
Communication income	15.166	11.688
Reversal of vacation pay expenses provision	-	-
Cheque book charges	2.204	1.866
Operating Lease Income	2.962	10.005
Real estate revaluation income <sup>(*)</sup>	-	134.257
Real estate rental income <sup>(*)</sup>	14.583	18.501
Real estate sales income <sup>(*)</sup>	82.578	20.801
Other income	15.396	34.500 <sup>(**)</sup>
<b>Total</b>	<b>665.995</b>	<b>724.444</b>

<sup>(\*)</sup> Represents the income from real estates' portfolio under real estate investment funds.<sup>(\*\*)</sup> The balance includes TL 13.122 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, 2020

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

### 7. Informations on Expected Credit Losses:

	Current Period	Prior Period
<b>Expected Credit Loss</b>	<b>1.122.267</b>	<b>706.313</b>
12 month expected credit loss (stage 1)	75.144	47.570
Significant increase in credit risk (stage 2)	349.669	25.288
Non-performing loans (stage 3)	697.454	633.455
<b>Marketable Securities Impairment Expense</b>	<b>-</b>	<b>-</b>
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
<b>Impairment Provision for Associates, Subsidiaries and Joint Ventures</b>	<b>-</b>	<b>-</b>
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
<b>Other (*)</b>	<b>40.172</b>	<b>67.683</b>
<b>Total</b>	<b>1.162.439</b>	<b>773.996</b>

Expected credit losses amount to TL 1.162.439 (December 31, 2019: TL 773.996) includes TL 496.047 (December 31, 2019: TL 286.461) 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	15.581	5.276
Third stage expected loss provision for unindemnified non- cash loans	627	2.330
Expected credit losses (stage 1) for banks	18.035	228
Profit and loss sharing investments' fair value provision	2.956	59.028
Expected credit losses (stage 1) for other financial assets	289	-
Provision for expected losses for securities measured at amortized cost	-	821
Real estate valuation losses(*)	2.684	-
<b>Total</b>	<b>40.172</b>	<b>67.683</b>

(\*) 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, 2020**

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

	<b>Current Period</b>	<b>Prior Period</b>
Provision for retirement pay liability	12.403	10.183
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	109.968	99.010
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	20.057	18.407
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	1.745	148
Other business expenses	182.184	152.525
Leasing Expenses on TFRS 16 Exceptions	1.818	3.180
Maintenance and repair expenses	32.224	23.186
Advertisement expenses	6.858	14.736
Other expenses <sup>(1)</sup>	141.284	111.423
Loss on sale of assets	1.763	1.361
Other <sup>(2)</sup>	273.923	236.163
<b>Total</b>	<b>602.043</b>	<b>517.797</b>

<sup>(1)</sup> Other expenses under “other business expenses” are provided as below:

	<b>Current Period</b>	<b>Prior Period</b>
Communication Expenses	26.876	26.024
Donations	14.078	8.061
Cleaning expenses	23.128	18.029
Heating, lighting and water expenses	15.359	14.569
Representation and Hosting expenses	9.103	9.191
Vehicle expenses	5.385	6.762
Lawsuit and court expenses	2.712	2.962
Movables Insurance Expenses	5.099	4.504
Stationery Expenses	2.901	3.265
Expense Share for Common Expenses	2.826	2.850
Group transportation costs	7.836	5.089
Other	25.981	10.117
<b>Total</b>	<b>141.284</b>	<b>111.423</b>

<sup>(2)</sup> Details of “other” balance are provided as below:

	<b>Current Period</b>	<b>Prior Period</b>
Saving Deposit Insurance Fund	106.174	77.345
Taxes, Duties, Charges and Funds	59.255	51.893
Expertise and Information Expenses	21.756	10.687
Audit and Consultancy Fees	11.471	15.776
Institution and Union Participation Share Expense	16.351	19.581
Residence Expenses <sup>(1)</sup>	36.181	14.549
Shopping Mall expenses <sup>(1)</sup>	11.961	36.494
Other	10.774	9.838
<b>Total</b>	<b>273.923</b>	<b>236.163</b>

<sup>(1)</sup> 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, 2020

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### 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 increased by 209% compared to prior period and is realized as TL 384.894 (December 31, 2019: TL 124.461). Income before tax comprises net profit share income in the amount of TL 1.737.064 (December 31, 2019: TL 846.084) and fees and commission income in the amount of TL 233.567 (December 31, 2019: TL 299.245). Total other operating expenses amount to TL 602.043 (December 31, 2019: TL 517.797).

### 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, 2020, the Parent Bank has deferred tax income of TL 308.493 (December 31, 2019: TL 201.392) and deferred tax expense of TL 366.579 (December 31, 2019: TL 220.539). The current tax provision is TL 15.702 (December 31, 2019: TL 8.535).

### 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 384.894 (December 31, 2019: TL 124.461) by deducting tax provision expense amounting to TL 73.788 (December 31, 2019: TL 27.682) from profit from continued operations amounting to TL 311.106 (December 31, 2019: TL 96.779).

### 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	8.802	6.734

### 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 33.852 decrease has occurred after the revaluation of financial assets measured at fair value through other comprehensive income (December 31, 2019: TL 87.581 increase).

c. Revaluation amounts related to tangible and intangible assets are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.

d. Foreign exchange differences arising from translation of income statement of foreign branch and foreign subsidiary of the Parent Bank are accounted in other capital reserves amounts to TL 22.716 as increase. (December 31, 2019: TL 16.782 increase).

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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

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

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

##### a. Cash and cash equivalents at the beginning of the period:

	Current Period	Current Period
<b>Cash</b>	<b>4.027.884</b>	<b>2.692.092</b>
Cash in TL/foreign currency	1.022.107	823.466
Cash in transit	558.717	831.066
CBRT	2.447.060	1.037.560
<b>Cash equivalents</b>	<b>3.161.797</b>	<b>4.417.767</b>
Domestic banks	917.218	3.459.023
Foreign banks	2.244.579	958.744
<b>Total cash and cash equivalents</b>	<b>7.189.681</b>	<b>7.109.859</b>

##### b. Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
<b>Cash</b>	<b>5.406.129</b>	<b>4.027.884</b>
Cash in TL/foreign currency	1.457.399	1.022.107
Cash in transit	844.125	558.717
CBRT	3.104.605	2.447.060
<b>Cash equivalents</b>	<b>2.650.943</b>	<b>3.161.797</b>
Domestic banks	1.444.529	917.218
Foreign banks	1.206.414	2.244.579
<b>Total cash and cash equivalents</b>	<b>8.057.072</b>	<b>7.189.681</b>

#### 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 130.021 (December 31, 2019: TL 62.047) mainly comprises other operating expenses excluding personnel expenses and amortization expenses and other operating income.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 215.519 (December 31, 2019: TL 334.636) 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 336.393 as of December 31, 2020 (December 31, 2019: TL 235.821).

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### 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 <sup>(1)</sup>	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
<b>Loans</b>						
Balance at the beginning of the period	3	5	632.926	27.308	27	-
Balance at the end of the period	1	53	818.807	34.537	187	-
<b>Profit share and commission income received</b>	-	-	<b>55.909</b>	<b>216</b>	<b>12</b>	-

##### b. Prior period:

Risk Group of the Parent Bank <sup>(1)</sup>	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	1	5	173.457	32.410	19	-
Balance at end of period	3	5	632.926	27.308	27	-
<b>Profit share and commission income received</b>	-	-	<b>10.157</b>	<b>195</b>	-	-

<sup>(1)</sup> 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 <sup>(1)</sup>	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect Shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	13.955	19.653	831.442	604.631	11.073	7.106
Balance at the end of period	35.342	13.955	271.125	831.442	12.518	11.073
<b>Profit share expense</b>	<b>452</b>	<b>2.369</b>	<b>2.511</b>	<b>8.859</b>	<b>239</b>	<b>381</b>

<sup>(1)</sup> As of December 31, 2020, wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 52.297.028 and EUR 146.469.895 (December 31, 2019: USD 34.002.557 and EUR 65.082.069). The profit share expense relating to such borrowings for the period between January 1, 2020 December 31, 2020 is TL 5.980 (December 31, 2019: TL 12.346).

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.

# ALBARAKA TÜRK KATILIM BANKASI A.Ş.

## NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

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### 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, 2020, the Group has paid TL 17.668 (December 31, 2019: TL 18.031) 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	227	3.371			
				<b>Country</b>	
Foreign Representation Office	-	-	-		
				<b>Total Assets (Thousand TL)</b>	<b>Statutory Share Capital</b>
Foreign Branches	2	19	Iraq	1.070.260	USD 50.000.000
Off-Shore Branches	-	-	-	-	-

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

The Parent Bank has not opened any branch outside Turkey in 2020. The Parent bank has closed 3 branches and 1 regional directorate and opened 3 branches and 1 regional directorate inside Turkey in 2020.

### 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.

## SECTION SIX Independent auditor's report

### I. Explanations on independent auditors' report:

The Group's consolidated financial statements as of and for the period ended December 31, 2020 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 March 5, 2021 is presented at the beginning of the financial statements and related notes.

### II. Other notes and explanations prepared by the independent auditors:

None.

## CONTACT

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#### Aegean Regional Headquarters

Akdeniz Mah. Fezvipaşa Bulvarı No: 51/31 Konak/İZMİR  
Tel: (232) 254 54 00  
Fax: (216) 666 16 47

#### Southern Anatolian Regional Headquarters

İncilipınar Mh. Nişantaşı Sok. No: 1/4 Şehitkamil/GAZİANTEP  
Tel: (342) 215 04 32  
Fax: (216) 666 16 35

#### Central Anatolian Regional Headquarters

Musalla Bağları Mah. Kule Cad. No: 2/25 Kulesite, Selçuklu/KONYA  
Tel: (332) 235 00 44  
Fax: (216) 666 16 44

### Black Sea Regional Headquarters

Kale Mah. Şükrü Efendi Sok. No: 2/18 İlkadım/SAMSUN  
Tel: (362) 999 19 30  
Fax: (216) 666 16 48

### Corporate Branches

#### Anatolian Corporate Branch

Kozyatağı Mah. Çardak Sok. Herti Plaza A Blok No: 1/3 Kadıköy/İSTANBUL  
Tel: (216) 445 05 50  
Fax: (216) 666 18 30

#### European Corporate Branch

Fulya Mah. Likör Yanı Sokak Akabe İş Hanı No: 1/27 Şişli/İSTANBUL  
Tel: (212) 347 13 53  
Fax: (216) 666 18 31

#### Başkent Corporate Branch

Mustafa Kemal Mah. 2123 Cad. No: 2D Cepa Ofis Kat: 15 Çankaya/ANKARA  
Tel: (312) 474 09 09  
Fax: (216) 666 18 32

#### 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

### İstanbul Branches

#### Akşemsettin Branch

Telsiz Mah. Seyit Nizam Cad. No: 160/B Zeytinburnu/İSTANBUL  
Tel: (212) 415 83 40  
Fax: (216) 666 18 78

#### Alibeyköy Branch

Alibeyköy Mah. Atatürk Cad. No: 21A/1 34100 Eyüpsultan/İSTANBUL  
Tel: (212) 627 43 33  
Fax: (216) 666 18 17

#### Altunizade Branch

Altunizade Mah. Kısıklı Cad. No: 14/1B Üsküdar/İSTANBUL  
Tel: (216) 651 74 94  
Fax: (216) 666 17 92

### Arnavutköy Branch

Arnavutköy Merkez Mah. Fatih Cad. No: 15/B 34276 Arnavutköy/İSTANBUL  
Tel: (212) 597 67 57  
Fax: (216) 666 18 12

### Avcılar Branch

Merkez Mah. Reşitpaşa Cad. No: 37/2B Avcılar/İSTANBUL  
Tel: (212) 509 05 24  
Fax: (216) 666 17 53

### Bağcılar Branch

Çınar Mah. İstanbul Cad. No: 27-29C Bağcılar/İSTANBUL  
Tel: (212) 434 23 28  
Fax: (216) 666 17 28

### Bahçelievler Branch

Bahçelievler Mah. Adnan Kahveci Bulvarı No: 30/4A Bahçelievler/İSTANBUL  
Tel: (212) 642 00 44  
Fax: (216) 666 17 75

### Bahçelievler Soğanlı Branch

Soğanlı Mah. Mustafa Kemal Paşa Cad. No: 176 B Bahçelievler/İSTANBUL  
Tel: (212) 643 16 72  
Fax: (216) 666 18 98

### Bakırköy Çarşı Branch

Sakızağacı Mah. İstanbul Cad. No: 40/A Bakırköy/İSTANBUL  
Tel: (212) 583 66 33  
Fax: (216) 666 17 99

### Basın Ekspres Branch

Yenibosna Merkez Mah. Değirmenbahçe Cad. No: 17-A1/10 Yenibosna Bahçelievler/İSTANBUL  
Tel: (212) 397 04 58  
Fax: (216) 666 18 52

### Başakşehir Branch

İkitelli OSB Mah. Tümsan 1. Kısım 3. Blok Sok. No: 1/1 Başakşehir/İSTANBUL  
Tel: (212) 485 12 74  
Fax: (216) 666 89 00

### Bayrampaşa Branch

Yenidoğan Mah. Abdi İpekçi Cad. No: 75A Bayrampaşa/İSTANBUL  
Tel: (212) 612 52 21  
Fax: (216) 666 17 13



**Beşyüzevler Branch**

Eski Edirne Asfaltı No: 349-351A  
Bayrampaşa/İSTANBUL  
Tel: (212) 477 61 90  
Fax: (216) 666 17 27

**Beyazıt Branch**

Mimar Kemalettin Mah. Yeniçeriler Cad.  
No: 59B Fatih/İSTANBUL  
Tel: (212) 516 17 13  
Fax: (216) 666 18 84

**Beykent Branch**

Adnan Kahveci Mah. Y. Sultan Selim  
Bulvarı Perla Vista AVM No: 1C/73  
Beylikdüzü/İSTANBUL  
Tel: (212) 871 00 45  
Fax: (216) 666 17 30

**Beylikdüzü Organize Sanayi Branch**

Beylikdüzü OSB Mah. Birlik Sanayi Sitesi  
3. Cad. No: 1/1 Beylikdüzü/İSTANBUL  
Tel: (212) 876 49 13  
Fax: (216) 666 18 54

**Bulgurlu Branch**

Bulgurlu Mah. Bulgurlu Cad. No: 128/A  
Üsküdar/İSTANBUL  
Tel: (0216) 266 74 94  
Fax: (216) 666 89 27

**Büyükçekmece Branch**

Dizdarıye Mah. Cami Sk. No: 1A/1 34500  
Büyükçekmece/İSTANBUL  
Tel: (212) 881 57 01  
Fax: (216) 666 18 21

**Cennet Mahallesi Branch**

Cennet Mah. Barbaros Cad. No: 73/B  
Küçükçekmece/İSTANBUL  
Tel: (212) 598 79 02  
Fax: (216) 666 18 50

**Çağlayan Branch**

Çağlayan Mah. Vatan Cad. No: 15C  
34403 Çağlayan, Kağıthane/İSTANBUL  
Tel: (212) 246 06 11  
Fax: (216) 666 17 44

**Çakmak Branch**

Armağanevler Mah. Alemdağ Cad.  
No: 414A Ümraniye/İSTANBUL  
Tel: (216) 335 04 64  
Fax: (216) 666 18 83

**Çekmeköy Branch**

Meclis Mah. Aşkın Sk. No: 27/C  
Sancaktepe/İSTANBUL  
Tel: (216) 420 63 63  
Fax: (216) 666 18 22

**Dudullu Branch**

Adem Yavuz Mah. Alemdağ Cad.  
No: 447/A Ümraniye/İSTANBUL  
Tel: (216) 614 09 87  
Fax: (216) 666 89 11

**Esenler Branch**

Menderes Mah. Atışalanı Cad. No: 11C  
Esenler/İstanbul  
Tel: (212) 508 49 99  
Fax: (216) 666 17 80

**Esenyurt Branch**

İnönü Mah. Doğan Araslı Bulvarı  
No: 108A Esenyurt/İSTANBUL  
Tel: (212) 699 33 99  
Fax: (216) 666 18 13

**Eyüp Branch**

Merkez Mah. Fahri Korutürk Cad.  
No: 52/A Eyüpsultan/İSTANBUL  
Tel: (212) 578 10 20  
Fax: (216) 666 18 92

**Fatih Branch**

Ali Kuşçu Mah. Macarkardeşler Cad.  
No: 30 34080 Fatih/İSTANBUL  
Tel: (212) 635 48 96  
Fax: (216) 666 17 15

**Fındıkzade Branch**

Haseki Sultan Mah. Kızılelma Cad.  
No: 3/A Fatih/İSTANBUL  
Tel: (0212) 403 00 12  
Fax: (216) 666 89 13

**Firuzköy Branch**

M. Kemal Paşa Mah. Firuzköy Bulvarı  
No: 103A Avcılar/İSTANBUL  
Tel: (212) 428 68 36  
Fax: (216) 666 18 82

**Florya Branch**

Şenlikköy Mah. Florya Cad. No: 88B  
Florya/Bakırköy/İSTANBUL  
Tel: (212) 574 20 41  
Fax: (216) 666 18 42

**Gaziosmanpaşa Branch**

Sarıgöl Mah. Ordu Cad. No: 9B  
Gaziosmanpaşa/İSTANBUL  
Tel: (212) 563 54 10  
Fax: (216) 666 17 93

**Gelişim Üniversitesi Branch**

Cihangir Mah. Şehit Jandarma  
Komando Er Hakan Öner Sk. No: 4/1  
Avcılar/İSTANBUL  
Tel: (0212) 931 42 85  
Fax: (216) 666 89 16

**Gültepe Branch**

Ortabayır Mah. Talatpaşa Cad. No: 80B  
Kağıthane/İSTANBUL  
Tel: (212) 216 74 01  
Fax: (216) 666 18 89

**Güneşli Branch**

Güneşli Mah. Koçman Cad. No: 4A  
Güneşli/Bağcılar/İSTANBUL  
Tel: (212) 474 03 03  
Fax: (216) 666 17 40

**Güngören Branch**

Merkez Mah. Posta Cad. No: 109/B  
34164 Güngören/İSTANBUL  
Tel: (212) 539 03 80  
Fax: (216) 666 18 01

**Hadımköy Branch**

Akçaburgaz Mah. Hadımköy Yolu Cad.  
No: 184/2 Esenyurt/İstanbul  
Tel: (212) 886 19 10  
Fax: (216) 666 17 98

**Hasanpaşa Branch**

Hasanpaşa Mah. Fahrettin Kerim Gökay  
Cad. No: 7/1 Kadıköy/İSTANBUL  
Tel: (216) 336 55 40  
Fax: (216) 666 17 81

**Ihlamurkuyu Branch**

Ihlamurkuyu Mah. Alemdağ Cad.  
No: 271/A Ümraniye/İSTANBUL  
Tel: (216) 614 00 77  
Fax: (216) 666 18 51

**İmes Branch**

İmes Sanayi Sitesi, A-Blok 104.Sk. No: 2  
34776 Y. Dudullu, Ümraniye/İSTANBUL  
Tel: (216) 590 09 90  
Fax: (216) 666 17 37

## CONTACT

### İkitelli Branch

İkitelli OSB Mah. Atatürk Bulvarı  
No: 72/B Başakşehir/İSTANBUL  
Tel: (212) 671 28 10  
Fax: (216) 666 17 24

### İkitelli Metro Branch

İkitelli OSB Mah. Bağcılar Güngören  
Metro AVM A Blok Sok. Bağcılar  
Güngören Sanayi Sitesi AVM A Blok  
No: 1A/15 Başakşehir/İSTANBUL  
Tel: (212) 437 38 04  
Fax: (216) 666 18 75

### İstoç Branch

Mahmutbey Mah. 2420. Sok. No: 77  
Bağcılar/İSTANBUL  
Tel: (212) 659 68 70  
Fax: (216) 666 17 83

### Kadıköy Branch

Rasimpaşa Mah. Rıhtım Cad. No: 44B  
34716 Kadıköy/İSTANBUL  
Tel: (216) 414 31 63  
Fax: (216) 666 17 11

### Kağıthane Branch

Merkez Mah. Nurhan Sok. No: 2B  
Kağıthane/İSTANBUL  
Tel: (212) 401 06 96  
Fax: (216) 666 17 12

### Karaköy Branch

Müeyyetzade Mah. Kemeraltı Cad.  
No: 6/A Beyoğlu/İSTANBUL  
Tel: (212) 252 56 87  
Fax: (216) 666 17 05

### Kartal Branch

Kordonboyu Mah. Ankara Cad. No: 110C  
Kartal/İSTANBUL  
Tel: (216) 473 60 05  
Fax: (216) 666 17 56

### Kasımpaşa Branch

Yahya Kahya Mah. Bahriye Cad. No: 32  
Beyoğlu/İSTANBUL  
Tel: (0212) 931 78 36  
Fax: (216) 666 89 20

### Kavacık Branch

Kavacık Mah. Orhan Veli Kanık Cad.  
No: 98/1 Beykoz/İSTANBUL  
Tel: (216) 680 27 33  
Fax: (216) 666 17 57

### Kaynarca Branch

Fevzi Çakmak Mah. Tefvik İleri Cad.  
No: 175A Kaynarca, Pendik/İSTANBUL  
Tel: (216) 397 07 10  
Fax: (216) 666 18 27

### Kocamustafapaşa Branch

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  
Pendik/İSTANBUL  
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 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

### 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

### Mercan 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 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 Mahallesi 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**

Kartaltepe 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 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 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 Branch**

Terazidere Mah. Güneş Cad. No: 5-7  
Bayrampaşa/İSTANBUL  
Tel: (212) 501 28 76  
Fax: (216) 666 18 97

**Topçular Branch**

Topçular Mah. Rami Kışla Cad.  
No: 40-44/A Eyüpsultan/İSTANBUL  
Tel: (212) 613 85 74  
Fax: (216) 666 17 84

**Topkapı Branch**

Maltepe Mah. Gümüşsuyu Cad. No: 28  
Dk:156 Zeytinburnu/İSTANBUL  
Tel: (212) 565 95 03  
Fax: (216) 666 18 38

**Tuzla Sanayi Branch**

Mescit Mah. Demokrasi Cad. A11 Blok  
No: 3B/3 Tuzla/İSTANBUL  
Tel: (216) 394 86 54  
Fax: (216) 666 18 44

**Ümraniye Branch**

Atatürk Mah. Alemdağ Cad. No: 10-12A  
34764 Ümraniye/İSTANBUL  
Tel: (216) 443 66 35  
Fax: (216) 666 17 18

**Ümraniye Çarşı Branch**

İstiklal Mah. Alemdağ Cad. No: 176A  
Ümraniye/İSTANBUL  
Tel: (216) 523 44 14  
Fax: (216) 666 18 95

**Üsküdar Branch**

Mimar Sinan Mah. Hakimiyet-i Milliye  
Cad. Molla Eşref Sok. No: 17-17/A  
Üsküdar/İSTANBUL  
Tel: (216) 532 89 39  
Fax: (216) 666 17 35

**Yavuzselim Branch**

Ali Kuşçu Mah. Fevzipaşa Cad. No: 60  
Fatih/İSTANBUL  
Tel: (212) 532 92 52  
Fax: (216) 666 18 93

**Yenibosna Branch**

Fevzi Çakmak Mah. Yıldırım Beyazıt Cad.  
No: 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**

Gökalp Mah. 58 Bulvar Cad. No: 12/A  
Zeytinburnu/İSTANBUL  
Tel: (212) 510 10 22  
Fax: (216) 666 17 39

**Other City and District Branches****Adana Branch**

Kuruköprü Mah. İnönü Cad. No: 85A  
Seyhan/ADANA  
Tel: (322) 363 11 00  
Fax: (216) 666 17 08

**Adana/Akdeniz Ticari Merkez Branch**

Kuruköprü Mah. İnönü Cad. No: 85A  
Seyhan/ADANA  
Tel: (0322) 999 14 86  
Fax: (216) 666 89 33

**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

## CONTACT

### Adana/Çukurova Branch

Mahfesiğmaz Mah. Turgut Özal Bulvarı  
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Fax: (216) 666 18 61

### Adana/Küçüksaat Branch

Sefaözler Cad. No: 3/E 01060  
Seyhan/ADANA  
Tel: (322) 351 20 00  
Fax: (216) 666 17 96

### Adana/Organize Sanayi Branch

Adana Hacı Sabancı Organize Sanayi  
Bölgesi OSB Turgut Özal Bulvarı No: 17  
Sarıçam/ADANA  
Tel: (322) 394 53 29  
Fax: (216) 666 18 39

### Adıyaman Branch

Hocaömer Mah. Atatürk Cad. No: 6/A  
Merkez/ADİYAMAN  
Tel: (416) 213 60 84  
Fax: (216) 666 18 26

### Afyonkarahisar Branch

Marulcu Mah. Kadınana Cad. No: 24/B  
Merkez/AFYONKARAHİSAR  
Tel: (272) 214 10 14  
Fax: (216) 666 17 62

### Aksaray Branch

Minarecik Mah. 44/Mehmet Altınsoy Cad.  
No: 27A/A Merkez/AKSARAY  
Tel: (382) 212 12 71  
Fax: (216) 666 17 91

### Amasya Branch

Dere Mah. Mustafa Kemal Paşa Cad.  
No: 9A Merkez/AMASYA  
Tel: (358) 218 07 03  
Fax: (216) 666 89 12

### Ankara Branch

Kızılay Mah. Atatürk Bulvarı No: 70B  
Çankaya/ANKARA  
Tel: (312) 430 53 20  
Fax: (216) 666 17 02

### Ankara/Bakanlıklar Branch

Kavaklıdere Mah. Atatürk Bulvarı  
No: 165/A Çankaya/ANKARA  
Tel: (312) 417 70 33  
Fax: (216) 666 18 03

### Ankara/Balgat Branch

Ehlibeyt Mah. Tekstilciler Cad. No: 1D  
06520 Balgat, Çankaya/ANKARA  
Tel: (312) 472 40 30  
Fax: (216) 666 17 42

### Ankara/Cebeci Branch

Demirli bahçe Mah. Talatpaşa Bulvarı  
No: 173/B Mamak/ANKARA  
Tel: (312) 363 30 11  
Fax: (216) 666 18 64

### Ankara/Çukurambar Branch

Kızılırmak Mah. Muhsin Yazıcıoğlu Cad.  
No: 17/8 Çukurambar Çankaya/ANKARA  
Tel: (312) 287 44 02  
Fax: (216) 666 18 91

### Ankara/Demetevler Branch

Yeşilevler Mah. 506 Cad. No: 1B  
Yenimahalle/ANKARA  
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Fax: (216) 666 89 29

### Ankara/Etimesgut Branch

Kazım Karabekir Mah. İstasyon Cad.  
No: 51A Etimesgut/ANKARA  
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Fax: (216) 666 18 68

### Ankara/Etlük Branch

İncirli Mah. Yunus Emre Cad. No: 5/A  
Etlük Keçiören/ANKARA  
Tel: (312) 325 91 91  
Fax: (216) 666 17 59

### Ankara/İvedik Branch

OSB Mah. Melih Gökçek Bulvarı  
No: 63/156 Yenimahalle/ANKARA  
Tel: (312) 394 70 05  
Fax: (216) 666 18 07

### Ankara/Keçiören Branch

Bağlarbaşı Mah. Kızılparınarı Cd.  
No: 104/A Keçiören/ANKARA  
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Fax: (216) 666 18 28

### Ankara/Ostim Branch

Ostim OSB Mah. 100. Yıl Bulvarı No: 3  
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### Ankara/Pursaklar Branch

Merkez Mah. Yunus Emre Cad. No: 15/A  
Pursaklar/ANKARA  
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### Ankara/Sincan Branch

Atatürk Mah. Ankara Cad. No: 23/2  
06930 Sincan/ANKARA  
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### Ankara/Siteler Branch

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06160 Siteler Altındağ/ANKARA  
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### Ankara/Şaşmaz Branch

Bahçekapı Mah. Sanayi Bulvarı No: 16C  
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### Ankara/Timko Sanayi Sitesi Branch

Macun Mah. 177 Cadde No: 19 C/7  
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### Ankara/Turan Güneş Branch

Yıldızevler Mah. Turan Güneş Bulvarı  
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### Ankara/Ulus Branch

Kale Mah. Anafartalar Cad. No: 59 06250  
Ulus Altındağ/ANKARA  
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### Ankara/Ümitköy Branch

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### Antalya Branch

Elmalı Mah. Hasan Subaşı Cad. No: 35/E  
07100 Muratpaşa/ANTALYA  
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**Antalya/Alanya Branch**

Kadıpaşa Mah. Şevket Tokuş Cad.  
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**Antalya/Çallı Branch**

Fabrikalar Mah. Namık Kemal Bulvarı  
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**Antalya/Konyaaltı Branch**

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**Antalya/Manavgat Branch**

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**Aydın Branch**

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Fax: (216) 666 17 66

**Aydın/Nazilli Branch**

Altıntaş Mah. Türkocağı Cad. No: 51/A  
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**Balıkesir Branch**

Eskikuyumcular Mah. Atalar Cad. No: 22A  
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Fax: (216) 666 17 22

**Balıkesir/Bandırma Branch**

Dere Mah. İsmet İnönü Cad. No: 4  
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**Batman Branch**

Şirinevler Mah. Atatürk Bulvarı No: 40A  
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**Bolu Branch**

Büyük Cami Mah. İzzet Baysal Cad.  
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**Bursa Branch**

Reyhan Mah. Haşim İşcan Cad. No: 6  
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Fax: (216) 666 17 04

**Bursa/Demirtaş Branch**

Altınova Mah. İstanbul Cad. No: 428D  
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**Bursa/FSM Bulvarı Branch**

Fethiye Mah. Fatih Sultan Mehmet Bulvarı  
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**Bursa/İnegöl Branch**

Kemalpaşa Mah. Atatürk Bulvarı No: 12/A  
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**Bursa/Kestel Bursa Branch**

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**Bursa/Nilüfer Branch**

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**Bursa/Uludağ Branch**

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**Bursa/Yeniyol Branch**

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**Çanakkale Branch**

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**Çorum Branch**

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**Denizli Branch**

Saraylar Mah. 2. Ticari Yol Cad. No: 43/1  
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Fax: (216) 666 17 33

**Denizli/Sanayi Branch**

İlbade Mah. Örnek Cad. No: 167A/1  
Merkezefendi/DENİZLİ  
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Fax: (216) 666 18 79

**Diyarbakır Branch**

Kooperatifler Mah. Akkoyunlu Bulvarı  
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Fax: (216) 666 17 32

**Diyarbakır/Kayapınar Branch**

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**Düzce Branch**

Burhaniye Mah. Bolu Cad. No: 3A  
Düzce/DÜZCE  
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**Edirne Branch**

Sabuni Mah. Çilingirler Cad. No: 17  
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### Erzurum Branch

Kazım Karabekir Paşa Mah. Orhan  
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### Eskişehir Branch

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### Gaziantep Branch

Karagöz Mah. Suburcu Cad. No: 4/1  
Şahinbey/GAZİANTEP  
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Fax: (216) 666 17 09

### Gaziantep/Gatem Branch

Sanayi Mah. Erdoğan Ergönül Cad.  
No: 41/1 Şehitkamil/GAZİANTEP  
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Fax: (216) 666 18 87

### Gaziantep/Organize Sanayi Branch

Başpınar OSB Mah. OSB 2. Bölge Celal  
Doğan Bulvarı No: 71A/59  
Şehitkamil/GAZİANTEP  
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Fax: (216) 666 18 71

### Gaziantep/Şehitkamil Branch

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### Gaziantep/Ticari Merkez Branch

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### Giresun Branch

Hacı Miklat Mah. Fatih Cad. No: 26-30C  
Merkez/GİRESUN  
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Fax: (216) 666 18 35

### Hatay/Antakya Branch

Haraparası Mah. Yavuz Sultan Selim Cad.  
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### Hatay/İskenderun Branch

Savaş Mah. Mareşal Çakmak Cad. No: 4  
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### Isparta Branch

Yayla Mah.118 Cad. No: 11/B  
Merkez/İSPARTA  
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### İzmir Branch

Akdeniz Mah. Fevzipaşa Bulvarı No: 51/A  
35210 Konak/İZMİR  
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### İzmir/Bornova Branch

Erzene Mah. Kazım Karabekir Cad.  
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### İzmir/Çiğli Branch

Şirintepe Mah. Anadolu Caddesi No: 780  
35640 Çiğli/İZMİR  
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### İzmir/Ege Ticari Merkez Branch

Akdeniz Mah. Fevzipaşa Bulvarı No: 51A  
Konak/İZMİR  
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Fax: (216) 666 18 77

### İzmir/Gıda Çarşısı Branch

Halkapınar Mah. 1203/1 Sok. No: 21  
Gıda Çarşısı Yenişehir Konak/İZMİR  
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Fax: (216) 666 18 53

### İzmir/Karabağlar Branch

Aşık Veysel Mah. Yeşillik Cad.  
No: 437-441A Karabağlar/İZMİR  
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### İzmir/Kemalpaşa Branch

Sekiz Eylül Mah. İzmir Cad. No: 22/A  
Kemalpaşa/İZMİR  
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Fax: (216) 666 18 57

### Kahramanmaraş Branch

Yenişehir Mah. Cumhuriyet Bulvarı No: 4B  
Dulkadiroğlu/KAHRAMANMARAŞ  
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Fax: (216) 666 17 17

### Karabük Branch

Bayır Mah. Kemal Güneş Cad. No: 96  
Merkez/KARABÜK  
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### Karaman Branch

Ahiosman Mah. İsmetpaşa Cd. No: 22/B  
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### Kastamonu Branch

Cebrail Mah. Plevne Cad. No: 28/B  
Merkez/KASTAMONU  
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### Kayseri Branch

Cumhuriyet Mah. Vatan Cad. No: 26  
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### Kayseri/Organize Sanayi Branch

Kayseri OSB Mah. 12 Cad. No: 5/22  
Melikgazi/KAYSERİ  
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### Kayseri/Sanayi Branch

Sanayi Mah. Osman Kavuncu Cad.  
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**Kayseri/Sivas Caddesi Branch**

Mimarsinan Mah. Sivas Bulvarı No: 145/B  
Kocasınan/KAYSERİ  
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Fax: (216) 666 18 85

**Kocaeli/E5 Branch**

Körfez Mah. Ankara Karayolu Cad.  
No: 123/2A İzmit/KOCAELİ  
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Fax: (216) 666 18 45

**Kocaeli/İzmit Branch**

Ömerağa Mah. Alemdar Cad. No: 17A  
İzmit/KOCAELİ  
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Fax: (216) 666 17 19

**Kocaeli/Gebze Branch**

Hacı Halil Mah. Körfez Cad. No: 18A  
Gebze/KOCAELİ  
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**Kocaeli/ Gebze İbrahim Ağa Caddesi Branch**

Mustafapaşa Mah. İbrahimağa Cad.  
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**Kocaeli/Gebze Organize Sanayi Branch**

İnönü Mah. Gebze Güzeller OSB Atatürk  
Bulvarı No: 2/B Gebze/KOCAELİ  
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**Kocaeli/Gölcük Branch**

Merkez Mah. Amiral Sağlam Cad.  
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**Konya Branch**

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**Konya/Akşehir Branch**

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**Konya/Büsan Branch**

Fevziçakmak Mah. Kosgeb Cad.  
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**Konya/Ereğli Branch**

Namık Kemal Mah. Atatürk Cad.  
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**Konya/Kobisan Branch**

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**Konya/Mevlana Branch**

Sahibiata Mah. Sahibiata Cad.  
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**Konya/Organize Sanayi Branch**

Büyükkayacık OSB Mah. Kırım Cad.  
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Fax: (216) 666 18 34

**Konya/Sanayi Branch**

Musalla Bağları Mah. Ankara Cad.  
No: 101 Selçuklu/KONYA  
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**Konya/Ticari Merkez Branch**

Fevziçakmak Mah. 10632 Sok.  
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**Konya/Yeni Toptancılar Branch**

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**Konya/Zafer Sanayi Branch**

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**Kütahya Branch**

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Merkez/KÜTAHYA  
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**Kütahya/Tavşanlı Branch**

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Tavşanlı/KÜTAHYA  
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**Malatya Branch**

Hamidiye Mah. İnönü Cad. No: 49/A  
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**Manisa/Turgutlu Branch**

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Turgutlu/MANİSA  
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**Mardin Branch**

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**Mersin Branch**

Camişerif Mah. İstiklal Cad No: 33/A  
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**Mersin/Pozcu Branch**

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**Mersin/Tarsus Branch**

Şehitmustafa Mah. Atatürk Bulvarı No: 1A  
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**Muş Branch**

Kültür Mah. Atatürk Bulvarı No: 46/A  
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## **Ordu Branch**

Şarkıye Mah. Süleyman Felek Cad.  
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## **Rize Branch**

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## **Sakarya/Adapazarı Branch**

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## **Samsun Branch**

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## **Samsun/Sanayi Branch**

Şabanolu Mah. Atatürk Bulvarı No: 167B  
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## **Siirt Branch**

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## **Sivas Branch**

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## **Şanlıurfa/Emniyet Caddesi Branch**

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## **Tekirdağ/Çorlu Branch**

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## **Tokat Branch**

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## **Trabzon Branch**

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## **Trabzon/Değirmendere Branch**

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## **Uşak Branch**

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## **Van Branch**

Bahçıvan Mah. Cumhuriyet Bulv.  
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## **Yalova B ranch**

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## **Yozgat Branch**

Medrese Mah. Şeyhzade Cad. No: 22/A  
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