

Albaraka Türk Katılım Bankası Anonim Şirketi

**Consolidated financial statements
and related disclosures at March 31, 2020
together with limited review report**

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

**Convenience translation of the auditor’s report originally issued in Turkish
(See Note 1.b of Section Three)**

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the consolidated statement of financial position of Albaraka Türk Katılım Bankası A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at March 31, 2020 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Regulation) and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by BRSA Legislation; together referred as “BRSA Accounting and Financial Reporting Legislation”. Our responsibility is to express a conclusion on these consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the consolidated financial position of Albaraka Türk Katılım Bankası A.Ş. at March 31, 2020, and the results of its operations and its consolidated cash flows for the three-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English:

As explained in detail in Note I.b of Section Three, the effects of differences between accounting principles and standards set out by regulations in conformity with “BRSA Accounting and Financial Reporting Legislation” and the 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

Emre Çelik, SMMM
Associate Partner

May 22, 2020
İstanbul, Turkey

**CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE THREE MONTH MARCH 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 : albarakaturk@albarakaturk.com.tr

The consolidated interim 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
- LIMITED REVIEW REPORT
- INTERIM REPORT

Investments in subsidiaries, real estate investment funds, venture capital investment funds, security funds, joint ventures and associates whose financial statements have been consolidated in this consolidated financial report are as follows:

	Subsidiaries	Real Estate Investment Funds	Venture Capital Investment Funds	Security Funds	Joint Ventures	Associates
1.	Bereket Varlık Kiralama A.Ş.	Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)	Katılım Emeklilik ve Hayat A.Ş.	-
2.	Albaraka Portföy Yönetimi A.Ş.	Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	-	-
3.	Insha Gmbh	Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	-	Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	-	-
4.	-	Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	-	Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu	-	-

Bereket One Ltd and Albaraka Sukuk Ltd, which are not 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 reviewed 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:
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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 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 branch and with 3.717 (December 31, 2019: 3.791) staff as of March 31, 2020. The Group has 3.738 (December 31, 2019: 3.811) staff as of March 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 March 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, 31,62% (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.

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AS OF MARCH 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 (%)
Chairman of the Board of Directors (BOD):	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	^(*) 0,0000
Members of BOD:	Süleyman KALKAN	II. Chairman of BOD (Independent)	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	^(*) 0,0000
	Ghassan 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	-
	Houssein BEN HAJ AMOR	Member of BOD	Bachelor	-
	Tawfig 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	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Marketing	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	-
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	-

^(*) 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^(*)	Paid shares	Unpaid shares
Albaraka Banking Group	489.961	36,29%	489.961	-
Dallah Albaraka Holding	207.585	15,38%	207.585	-

^(*) Shares purchased from Stock Exchange is not included.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2020

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

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

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

The Parent Bank classifies current and profit sharing accounts separately from other accounts in accordance with their maturities. Profit sharing accounts are classified under six different maturity groups; up to one month, up to three months (three months included), up to six months (six months included), up to one year (one year included), one year and more than one year (with monthly, quarterly, semi-annual and annual profit share payment) and accumulated participation accounts.

The Bank may determine the profit rate following operating the participation accounts or estimated rates for investment agencies. The rate of participation accounts' participation to the loss is one hundred percent.

The Parent Bank constitutes specific fund pools with minimum maturities of one month, to be allocated to individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are managed in accordance with their maturities and independently from other accounts and transfers from these accounts to any other maturity groups are not executed. Specific fund pools are liquidated at the end of the financing period.

In addition to its ordinary banking activities, the Parent Bank operates as an insurance agency on behalf of Bereket Sigorta, Anadolu Sigorta, Güneş Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Avivasa Emeklilik Hayat, as an insurance agency on behalf of Generali Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services.

Moreover, the Parent Bank is involved in providing non-cash loans, which mainly comprise letters of guarantee, letters of credit and acceptances.

Transactions, which can be carried out by the Parent Bank, are not limited to the clauses listed above. If any activities other than those mentioned are considered as beneficial to the Parent Bank, the application must be recommended by the Board of Directors, approved by the General Assembly and authorized by relevant legal authorities, which then needs to be approved by the Ministry of Trade since such applications, are amendments in nature to the Article of Association. The application is included in the Article of Association after all necessary approvals are obtained.

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

The Parent Bank did not consolidate its associate Kredi Garanti Fonu A.Ş. through equity method considering the materiality principle and its insignificant influence over the associate, the related associate is carried at cost in the accompanying financial statements. Natura Gıda Sanayi ve Ticaret A.Ş., which is an subsidiary of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, Inooster Bilgi Teknolojileri A.Ş. and Pedudi Bilişim Teknolojileri A.Ş., Tam Entegre Yazılım A.Ş. and Kronnika Bilgi Teknolojileri A.Ş. which are associates of "Fintech Girişim Sermayesi Yatırım Fonu" controlled by Parent Bank have not been consolidated since they are non-financial subsidiaries and associates, respectively. The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Insha GmbH, Albaraka Portföy Yönetimi A.Ş. the subsidiaries of the Parent Bank, through equity method and full consolidation method, respectively. Bereket One Ltd, and Albaraka Sukuk Ltd, which are not subsidiaries of the Parent Bank but over which the Parent Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity". Real Estate Investment Funds "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Değer Girişim

ALBARAKA TRK KATILIM BANKASI A..
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2020

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

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

Sermayesi Yatırım Fonu", "Albaraka Portf y Y netimi A.. Fintech Giriim Sermayesi Yatırım Fonu" and other security (investment) funds controlled by the Parent Bank have been consolidated as well.

Due to non-financial partnership, "Albaraka K lt r Sanat ve Yayıncılık A.." and "Albaraka Teknoloji Biliim Sistemleri ve Pazarlama Ticaret A.." which are the subsidiaries of the Parent Bank, have not been consolidated.

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

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

SECTION TWO

The consolidated financial statements

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF MARCH 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		March 31, 2020			December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		2.706.163	11.745.422	14.451.585	3.467.753	12.065.923	15.533.676
1.1 Cash and Cash Equivalents	(1)	1.602.763	8.694.655	10.297.418	2.519.444	10.453.621	12.973.065
1.1.1 Cash and Balances with Central Bank		642.336	5.988.485	6.630.821	1.426.702	7.369.207	8.795.909
1.1.2 Banks		992.941	2.706.564	3.699.505	1.109.920	3.084.627	4.194.547
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		32.514	394	32.908	17.178	213	17.391
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	378.099	1.813.721	2.191.820	134.498	437.979	572.477
1.2.1 Government Securities		296.094	1.709.598	2.005.692	99.148	435.174	534.322
1.2.2 Equity Securities		2.029	-	2.029	-	-	-
1.2.3 Other Financial Assets		79.976	104.123	184.099	35.350	2.805	38.155
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	724.879	1.227.939	1.952.818	813.673	1.174.064	1.987.737
1.3.1 Government Securities		717.212	1.204.579	1.921.791	813.658	1.150.767	1.964.425
1.3.2 Equity Securities		7.667	23.360	31.027	15	23.297	23.312
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(5)	422	9.107	9.529	138	259	397
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		422	9.107	9.529	138	259	397
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		18.625.023	18.274.156	36.899.179	16.998.174	14.745.234	31.743.408
2.1 Loans	(6)	18.548.299	16.396.591	34.944.890	17.019.728	13.617.465	30.637.193
2.2 Lease Receivables	(7)	231.487	27.282	258.769	227.356	16.322	243.678
2.3 Financial Assets Measured at Amortised Cost	(4)	827.951	2.181.711	3.009.662	638.021	1.356.298	1.994.319
2.3.1 Government Securities		827.951	2.181.711	3.009.662	638.021	1.296.462	1.934.483
2.3.2 Other Financial Assets		-	-	-	-	59.836	59.836
2.4 Expected Credit Losses (-)	(6)	982.714	331.428	1.314.142	886.931	244.851	1.131.782
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	131.693	314	132.007	124.196	284	124.480
3.1 Asset Held for Resale		131.693	314	132.007	124.196	284	124.480
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	286.116	-	286.116	286.470	-	286.470
4.1 Associates (Net)		3.361	-	3.361	8.258	-	8.258
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		3.361	-	3.361	8.258	-	8.258
4.2 Subsidiaries (Net)		240.236	-	240.236	240.236	-	240.236
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		240.236	-	240.236	240.236	-	240.236
4.3 Joint Ventures (Net)		42.519	-	42.519	37.976	-	37.976
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		42.519	-	42.519	37.976	-	37.976
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(10)	1.491.019	20.976	1.511.995	1.496.680	19.905	1.516.585
VI. INTANGIBLE ASSETS (Net)	(11)	28.628	5.536	34.164	30.538	5.272	35.810
6.1 Goodwill		-	4.169	4.169	-	3.970	3.970
6.2 Others		28.628	1.367	29.995	30.538	1.302	31.840
VII. INVESTMENT PROPERTY (Net)	(12)	1.406.492	-	1.406.492	1.419.315	-	1.419.315
VIII. CURRENT TAX ASSET		1.559	-	1.559	1.231	-	1.231
IX. DEFERRED TAX ASSET	(13)	216.278	-	216.278	166.345	-	166.345
X. OTHER ASSETS	(14)	436.261	273.866	710.127	397.149	251.499	648.648
TOTAL ASSETS		25.329.232	30.320.270	55.649.502	24.387.851	27.088.117	51.475.968

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 MARCH 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Reviewed			Audited		
		CURRENT PERIOD March 31, 2020			PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	16.036.020	27.222.053	43.258.073	14.672.926	25.066.274	39.739.200
II. FUNDS BORROWED	(2)	97.326	2.434.728	2.532.054	100.219	1.691.379	1.791.598
III. BORROWINGS FROM MONEY MARKETS		20.223	-	20.223	18.237	-	18.237
IV. SECURITIES ISSUED (Net)	(3)	2.219.893	-	2.219.893	2.519.419	-	2.519.419
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(4)	7.646	7.566	15.212	504	345	849
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		7.646	7.566	15.212	504	345	849
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(5)	292.341	14.204	306.545	287.755	12.905	300.660
VIII. PROVISIONS	(6)	143.566	2.080	145.646	134.069	1.627	135.696
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		105.534	-	105.534	100.138	-	100.138
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		38.032	2.080	40.112	33.931	1.627	35.558
IX. CURRENT TAX LIABILITY	(7)	56.941	4.854	61.795	69.726	4.874	74.600
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS	(9)	-	1.570.684	1.570.684	-	1.375.164	1.375.164
12.1 Loans		-	1.570.684	1.570.684	-	1.375.164	1.375.164
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(10)	1.309.718	248.466	1.558.184	1.281.404	207.875	1.489.279
XIV. SHAREHOLDERS' EQUITY	(11)	3.984.192	(22.999)	3.961.193	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		923.893	-	923.893	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		909.038	-	909.038	1.344.905	-	1.344.905
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		241.703	-	241.703	243.404	-	243.404
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		109.729	(22.999)	86.730	76.995	36.033	113.028
14.5 Profit Reserves		1.493.874	-	1.493.874	1.430.839	-	1.430.839
14.5.1 Legal Reserves		140.482	-	140.482	136.641	-	136.641
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.353.392	-	1.353.392	1.294.198	-	1.294.198
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(273.252)	-	(273.252)	(158.346)	-	(158.346)
14.6.1 Prior Years Profit/(Loss)		(290.776)	-	(290.776)	(248.391)	-	(248.391)
14.6.2 Current Year Profit/(Loss)		17.524	-	17.524	90.045	-	90.045
14.7 Minority Shares		138.245	-	138.245	157.436	-	157.436
TOTAL LIABILITIES		24.167.866	31.481.636	55.649.502	23.079.492	28.396.476	51.475.968

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF- BALANCE SHEET
AS OF MARCH 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Reviewed			Audited		
		CURRENT PERIOD March 31, 2020			PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		7.071.232	8.994.596	16.065.828	6.884.242	5.792.399	12.676.641
I. GUARANTEES AND SURETIES	(1)	4.966.559	5.890.491	10.857.050	5.128.502	5.302.936	10.431.438
1.1. Letters of Guarantees		4.950.931	3.875.211	8.826.142	5.099.099	3.619.295	8.718.394
1.1.1. Guarantees Subject to State Tender Law		741.334	69.180	810.514	697.926	62.581	760.507
1.1.2. Guarantees Given for Foreign Trade Operations		15	921.336	921.351	15	835.718	835.733
1.1.3. Other Letters of Guarantee		4.209.582	2.884.695	7.094.277	4.401.158	2.720.996	7.122.154
1.2. Bank Loans		-	60.743	60.743	-	14.463	14.463
1.2.1. Import Letter of Acceptances		-	60.743	60.743	-	14.463	14.463
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		531	1.661.167	1.661.698	257	1.329.663	1.329.920
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		531	1.661.167	1.661.698	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		-	293.370	293.370	-	339.515	339.515
1.7. Other Collaterals		15.097	-	15.097	29.146	-	29.146
II. COMMITMENTS	(1)	1.976.171	676.635	2.652.806	1.722.506	389.607	2.112.113
2.1. Irrevocable Commitments		1.976.171	676.635	2.652.806	1.722.506	389.607	2.112.113
2.1.1. Asset Purchase and Sale Commitments		148.971	676.635	825.606	47.797	389.607	437.404
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		299.361	-	299.361	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		676.163	-	676.163	631.606	-	631.606
2.1.7. Tax And Fund Liabilities from Export Commitments		11.197	-	11.197	10.381	-	10.381
2.1.8. Commitments for Credit Card Expenditure Limits		839.596	-	839.596	769.342	-	769.342
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		355	-	355	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		528	-	528	528	-	528
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	128.502	2.427.470	2.555.972	33.234	99.856	133.090
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		128.502	2.427.470	2.555.972	33.234	99.856	133.090
3.2.1. Forward Foreign Currency Buy/Sell Transactions		59.558	63.550	123.108	33.234	41.953	75.187
3.2.1.1. Forward Foreign Currency Transactions-Buy		52.751	7.092	59.843	27.547	10.149	37.696
3.2.1.2. Forward Foreign Currency Transactions-Sell		6.807	56.458	63.265	5.687	31.804	37.491
3.2.2. Other Forward Buy/Sell Transactions		68.944	2.363.920	2.432.864	-	57.903	57.903
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		75.005.188	18.856.653	93.861.841	72.616.853	16.137.385	88.754.238
IV. ITEMS HELD IN CUSTODY		3.745.696	4.093.899	7.839.595	3.812.406	3.053.641	6.866.047
4.1. Assets Under Management		1.363.363	-	1.363.363	1.522.915	-	1.522.915
4.2. Investment Securities Held in Custody		72	30.499	30.571	72	26.320	26.392
4.3. Cheques Received for Collection		1.564.209	298.759	1.862.968	1.480.111	285.800	1.765.911
4.4. Commercial Notes Received for Collection		553.243	94.677	647.920	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		209.741	484.427	694.168	210.617	341.146	551.763
4.8. Custodians		54.965	3.185.537	3.240.502	54.937	2.324.069	2.379.006
V. PLEDGED ITEMS		71.259.492	14.762.754	86.022.246	68.804.447	13.083.744	81.888.191
5.1. Marketable Securities		9.881.775	4.158.671	14.040.446	10.007.092	3.875.114	13.882.206
5.2. Guarantee Notes		1.343.429	198.870	1.542.299	1.223.615	193.710	1.417.325
5.3. Commodity		4.034.122	1.435.711	5.469.833	3.520.395	1.194.171	4.714.566
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		52.375.065	6.592.748	58.967.813	51.035.646	5.913.841	56.949.487
5.6. Other Pledged Items		3.353.793	2.367.112	5.720.905	2.763.503	1.898.042	4.661.545
5.7. Pledged Items-Depository		271.308	9.642	280.950	254.196	8.866	263.062
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		82.076.420	27.851.249	109.927.669	79.501.095	21.929.784	101.430.879

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 MARCH 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	Reviewed	Reviewed
			CURRENT PERIOD January 1- March 31, 2020	PRIOR PERIOD January 1- March 31, 2019
I. PROFIT SHARE INCOME		(1)	809.287	835.399
1.1 Profit Share on Loans			714.123	751.493
1.2 Income Received from Reserve Deposits			864	18.061
1.3 Income Received from Banks			350	620
1.4 Income Received from Money Market Placements			-	-
1.5 Income Received from Marketable Securities Portfolio			89.361	51.797
1.5.1 Financial Assets at Fair Value Through Profit and Loss			12.611	615
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income			36.075	29.169
1.5.3 Financial Assets Measured at Amortised Cost			40.675	22.013
1.6 Finance Lease Income			3.991	12.677
1.7 Other Profit Share Income			598	751
II. PROFIT SHARE EXPENSE		(2)	429.744	628.127
2.1 Expense on Profit Sharing Accounts			286.671	406.809
2.2 Profit Share Expense on Funds Borrowed			57.128	59.203
2.3 Profit Share Expense on Money Market Borrowings			2.395	32.028
2.4 Profit Share Expense on Securities Issued			61.166	114.724
2.5 Finance Lease Expense			14.823	14.283
2.6 Other Profit Share Expense			7.561	1.080
III. NET PROFIT SHARE INCOME (I – II)			379.543	207.272
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES			60.971	69.921
4.1 Fees and Commissions Received			97.932	94.641
4.1.1 Non-Cash Loans			31.634	30.927
4.1.2 Other		(3)	66.298	63.714
4.2 Fees and Commissions Paid			36.961	24.720
4.2.1 Non-Cash Loans			52	44
4.2.2 Other		(3)	36.909	24.676
V. DIVIDEND INCOME		(4)	-	-
VI. TRADING INCOME/LOSS(net)		(5)	17.487	36.370
6.1 Capital Market Transaction Income/(Loss)			(815)	4.283
6.2 Profit/(Loss) from Derivative Financial Instruments			8.597	(6.140)
6.3 Foreign Exchange Income/(Loss)			9.705	38.227
VII. OTHER OPERATING INCOME		(6)	125.762	316.355
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)			583.763	629.918
IX. EXPECTED CREDIT LOSS (-)		(7)	239.311	321.357
X. OTHER PROVISION EXPENSES (-)			3.636	3.619
XI. PERSONNEL EXPENSES (-)			180.792	166.427
XII. OTHER OPERATING EXPENSES (-)		(8)	142.205	115.879
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)			17.819	22.636
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER			-	-
XV. PROFIT/(LOSS) ON EQUITY METHOD			4.544	3.270
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION			-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		(9)	22.363	25.906
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)		(10)	4.017	8.181
18.1 Provision for Current Taxes			1.029	876
18.2 Deferred Tax Expense Effect (+)			53.063	91.095
18.3 Deferred Tax Income Effect (-)			50.075	83.790
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)		(11)	18.346	17.725
XX. INCOME FROM DISCONTINUED OPERATIONS		(11)	-	-
20.1 Income from Assets Held For Sale			-	-
20.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)			-	-
20.3 Income from Other Discontinued Operations			-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)			-	-
21.1 Loss from Assets Held for Sale			-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)			-	-
21.3 Loss from Other Discontinued Operations			-	-
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XXI-XXI)			-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)			-	-
23.1 Provision for Current Taxes			-	-
23.2 Deferred Tax Expense Effect (+)			-	-
23.3 Deferred Tax Income Effect (-)			-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)			-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)		(12)	18.346	17.725
25.1 Group's Income/Loss			17.524	13.727
25.2 Minority Shares Profit/Loss (-)			822	3.998
Earnings Per Share			0,013	0,015

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 MARCH 31, 2020

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed	Reviewed
	CURRENT PERIOD January 1- March 31, 2020	PRIOR PERIOD January 1- March 31, 2019
I. CURRENT PERIOD PROFIT/LOSS	18.346	17.725
II. OTHER COMPREHENSIVE INCOME	(27.999)	13.518
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	(1.701)	(1.521)
2.1.1 Revaluation Surplus on Tangible Assets	(1.701)	(1.521)
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	(26.298)	15.039
2.2.1 Translation Differences	20.063	8.528
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	(59.437)	8.347
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	13.076	(1.836)
III. TOTAL COMPREHENSIVE INCOME (I+II)	(9.653)	31.243

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 MARCH 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves ^(*)	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CURRENT PERIOD (January 1 - March 31, 2020)																	
I. Closing balance	(V)	900.000	-	-	1.344.905	270.910	(27.506)	-	73.496	39.532	-	1.430.839	(248.391)	90.045	3.873.830	157.436	4.031.266
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning Of Period (I+II)		900.000	-	-	1.344.905	270.910	(27.506)	-	73.496	39.532	-	1.430.839	(248.391)	90.045	3.873.830	157.436	4.031.266
IV. Total Comprehensive Income		-	-	-	-	(1.701)	-	-	20.063	(46.361)	-	-	-	17.524	(10.475)	822	(9.653)
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		-	-	-	28.988	-	-	-	-	-	-	18	(69.413) ^(**)	-	(40.407)	(20.013)	(60.420)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	63.017	27.028	(90.045)	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	63.017	(63.017)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	90.045	(90.045)	-	-	-
Balances at end of the period (III+IV...+X+XI)		1.350.000	14.855	-	909.038	269.209	(27.506)	-	93.559	(6.829)	-	1.493.874	(290.776)	17.524	3.822.948	138.245	3.961.193

^(*) 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 62.719 in February 2020, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 7.150, 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 MARCH 31, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserve s	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
PRIOR PERIOD (January 1 - March 31, 2019)																	
I. Closing balance	(V)	900.000	-	-	845.976	251.889	(17.181)	-	56.714	(28.781)	-	1.301.198	(178.311)	158.014	3.289.518	262.064	3.551.582
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	(17.142)	-	(17.142)	-	(17.142)
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	(17.142)	-	(17.142)	-	(17.142)
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)	-	1.301.198	(195.453)	158.014	3.272.376	262.064	3.534.440
IV. Total Comprehensive Income		-	-	-	-	(1.521)	-	-	8.528	6.511	-	-	-	13.727	27.245	3.998	31.243
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	16.940	-	-	-	-	-	-	478	(46.896) ^(*)	-	(29.478)	61.541	32.063
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	129.388	28.626	(158.014)	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	129.388	(129.388)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	158.014	(158.014)	-	-	-
Balances at end of the period (III+IV...+X+XI)		900.000	-	-	862.916^(*)	250.368	(17.181)	-	65.242	(22.270)	-	1.431.064	(213.723)	13.727	3.270.143	327.603	3.597.746

(*) The Parent Bank has recognized perpetual additional tier 1 capital amount 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 54,928 in February 2019, the coupon payment amount of Tier 1 unmatrued Sukuk and has recognized it under "prior periods' profit / loss"..

1. Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains/Losses on Remeasurements of Defined Benefit Plans,
3. Others (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)
4. Exchange Differences on Translation,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF MARCH 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Reviewed	Reviewed
		CURRENT PERIOD January 1- March 31, 2020	PRIOR PERIOD January 1- March 31, 2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		(72.859)	510.042
1.1.1 Profit Share Income Received		770.858	667.990
1.1.2 Profit Share Expense Paid		(240.146)	(323.050)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		66.619	63.777
1.1.5 Other Income		103.718	70.622
1.1.6 Collections from Previously Written Off Loans		120.355	77.960
1.1.7 Payments to Personnel and Service Suppliers		(222.023)	(200.737)
1.1.8 Taxes Paid		(15.764)	(12.465)
1.1.9 Others		(656.476)	165.945
1.2 Changes In Operating Assets And Liabilities		(658.601)	337.460
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(1.564.606)	(116.044)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		2.669.662	(1.578.113)
1.2.3 Net (Increase) Decrease in Loans		(4.074.738)	(1.590.374)
1.2.4 Net (Increase) Decrease in Other Assets		(71.339)	439.757
1.2.5 Net Increase (Decrease) in Bank Deposits		(460.163)	262.401
1.2.6 Net Increase (Decrease) in Other Deposits		3.919.203	1.122.885
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		(1.076.620)	1.796.948
I. Net Cash Flow From Banking Operations		(731.460)	847.502
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(767.582)	(702.793)
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		-	(66.753)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(38.295)	(12.002)
2.4 Disposals of Property and Equipment		94.773	19.228
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(60.158)	(975.461)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		94.668	200.195
2.7 Purchase of Financial Assets Measured at Amortised Cost		(937.857)	-
2.8 Sale of Financial Assets Measured at Amortised Cost		79.287	132.000
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		100.677	841.672
3.1 Cash Obtained from Funds Borrowed and Securities Issued		5.310.110	5.942.395
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(5.126.310)	(5.025.666)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Leases ^(*)		(20.404)	(20.129)
3.6 Other		(62.719)	(54.928)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		322.410	243.332
V. Net (Decrease) Increase in Cash and Cash Equivalents		(1.075.955)	1.229.713
VI. Cash and Cash Equivalents at the Beginning of the Period		7.189.681	7.109.859
VII. Cash and Cash Equivalents at the End of the Period		6.113.726	8.339.572

^(*) It includes the payments related to the leases within the scope of "TFRS 16 - Leases", which is applied as of January 1, 2019.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 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 March 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., Insha Gmbh, Albaraka Portföy Yönetimi A.Ş., Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu, Albaraka Portföy Yönetimi A.Ş. Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu respectively.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2020

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

I. Explanations on basis of presentation (continued):

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

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.

The Covid 19 pandemy 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 March 31, 2020 mid-term 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 term 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 term financial statements. The bank has restated previous term statement of cash flows in order to provide comparativeness to the 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.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2020

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

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

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial assets into Turkish Lira are included in the income statement.

The balance sheet items of the foreign branches and foreign subsidiary of the Parent Bank included in the financial statements are translated into Turkish lira at the exchange rate ruling at the balance sheet date announced by the Parent Bank. Income statement items are translated into Turkish lira by exchange rate ruling at the transaction date and all exchange differences arising from translation are accounted in other capital reserves under equity according to TAS 21.

Precious metals (gold and silver) accounted under assets and liabilities, which do not have fixed maturity, are translated into Turkish lira by using the buying rate at the balance sheet date announced by the Parent Bank and resulting evaluation differences are reflected as foreign exchange gain or loss.

There are no foreign currency differences capitalized by the Group.

III. Information on consolidated associates:

Consolidated financial statements are prepared in accordance with the decrees, notes and explanations set forth in Communiqué on "Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated November 8, 2006, numbered 26340 and "Turkish Accounting Standard for Consolidated Financial Statements" ("TFRS 10").

a) Consolidation principles on joint ventures:

The joint venture is an entity in which the Parent Bank participates in its capital and has joint control and whose main operation is private pension and insurance and operates according to special legislation with permission and license and is established in Turkey. The related joint venture has been consolidated through equity method. Where necessary, accounting policies of the joint venture have been harmonized to ensure consistency with the policies adopted by the Parent Bank.

Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in a joint venture from the changes in the participated joint venture's shareholders' equity during the period attributable to the portion of the investor and the deduction of the dividend received from the associate from the revised value of the joint venture amount.

The joint venture included in consolidation, its title, its place of incorporation, main activities and effective shareholding rates are as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Katılım Emeklilik ve Hayat A.Ş.	Istanbul/Turkey	Private pension and insurance	50,00	50,00

b) Consolidation principles on subsidiaries:

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated using the full consolidation method considering materiality principle, taking account the operation results, size of asset and shareholders' equity. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Parent Bank.

Control is accepted as when Parent Bank has power over its investee, or exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the full consolidation method, 100% of subsidiaries' assets, liabilities, income, expense and off-balance sheet items are combined with the Parent Bank's assets, liabilities, and income, expense and off-balance sheet items. The carrying amount of the Group's investment in each subsidiary and the Group's portion of the cost value of the capital of each subsidiary are eliminated. Intragroup balances and intragroup transactions and resulting unrealized profits and losses are eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Parent Bank.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

III. Information on consolidated associates (continued):

b) Consolidation principles on subsidiaries (continued):

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

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Bereket Varlık Kiralama A.Ş.	Istanbul/Turkey	Sukuk Issue	100,00	100,00
Albaraka Portföy Yönetimi A.Ş.	Istanbul/Turkey	Investment Fund Foundation and Management	100,00	100,00
Insha Gmbh	Berlin/Germany	Providing digital participation banking services with the banking license of Solarisbank AG in Germany, collecting funds with this license through mudaraba method and evaluating the funds in accordance with the principles of interest-free finance and contract signed.	100,00	100,00

c) Consolidation principles on investment funds:

The investment funds, founded by the Parent Bank's subsidiary "Albaraka Portföy Yönetimi A.Ş." over which the Group has control as per procedures and principles stated in TFRS 10 "Turkish Financial Reporting Standards on consolidated Financial Statements", are accounted as per full consolidation method. For investment funds over which the Parent Bank does not have full control, minority shares are calculated separately under income statement and shareholders' equity. The information on the funds is represented as follows:

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	90,69	90,69
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	95,51	95,51
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	89,19	89,19
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Istanbul/Türkiye	Buy real estate and rights based on real estates, rent, lease and sell	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Istanbul/Türkiye	To invest in company shares that can be financially and institutionally structured and developed, and to terminate the investment in the development or further stages of the company through methods such as sales, merger, and public offering.	87,68	87,68
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Istanbul/Türkiye	To invest in the initial stages of technology and innovation companies that provide products or services to Fintech venture companies or financial companies or to terminate the investment in the advanced stages by methods such as sale, merger and public offering.	99,03	99,03
Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu	Istanbul/Türkiye	To manage the Fund established under the "Stock Umbrella Fund" in accordance with the related legislation, in accordance with the definition of umbrella funds covering the funds invested in the shares of domestic and / or foreign issuers.	46,10	46,10
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	Istanbul/Türkiye	To direct the fund portfolio mainly to the domestic and / or foreign public and private sector lease certificates in foreign currency, to the other part of the portfolio to the gold, promises agreement, participation accounts and similar interest-free investment instruments	52,48	52,48
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	Istanbul/Türkiye	In addition to gold and gold based capital market instruments, shareholding shares, participation accounts, promissory contracts, public and / or private sector lease certificates and other interest-free money and capital market instruments approved by the Regulator are to be taken into account.	56,09	56,09
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu	Istanbul/Türkiye	Lease certificates issued by the public and private sectors, as well as shareholding interests, gold, participation accounts, promised contracts and other interest-free money and capital market instruments deemed appropriate by the Regulator.	48,04	48,04

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2020

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III. Information on consolidated associates (continued):

d) Presentation of consolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in consolidated associates and subsidiaries are accounted at cost value, less any impairment, in accordance with "Turkish Accounting Standards for Individual Financial Statements ("TAS 27")" in the consolidated financial statements.

In the consolidated financial statements, credit institutions, which are not included in consolidation, or subsidiaries, which are not financial institutions, are accounted at cost value, less any impairment in the consolidated financial statements.

If the cost amount exceeds the recoverable amount (the higher of an asset's fair value less costs of disposal and its value in use) the value of the related associates and subsidiaries is equal to the recoverable amount.

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

The derivative financial instruments of the Group generally consist of forward foreign currency, forward security and swap agreements. Derivative transactions portfolio may change as per market conditions in related terms. The Group records the spot foreign currency transactions in asset purchase and sale commitments.

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

V. Explanations on profit share income and expenses:

Profit share income

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

Profit-loss Investment projects are recognized under the "Loans" account in the balance sheet. Profit and loss investment projects are subject to valuation periodically every year and positive differences related to valuation are represented under "Profit Share on Loans". Negative ones are represented under "Expected Credit Losses" account.

The Parent Bank has begun to calculate accrual for non-performing loans as of January 1, 2018. Net book value of non-performing receivables (Gross Book Value - Expected Loss Provision) is accounted at the gross book value of accruals with effective profit share rate.

Profit share expense

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

VI. Explanations on fees, commission income and expenses:

Other than commission income and fees and expenses for various banking services that are reflected as income/expense when collected/paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction. The commissions and fees other than those, whose amortised costs are integral part of their effective profit rate, are accounted for in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

In accordance with provisions of TAS and TFRS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods, respectively over the commission period of the related loan, respectively.

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VI. Explanations on fees, commission income and expenses (continued):

Fees and commissions collected in advance which are related to the future periods are recorded under the account "Unearned Revenues" and included in "Other Liabilities" in the balance sheet. The commission received from cash loans corresponding to the current period is presented in "Profit Share from Loans" in the income statement.

In the correspondence of BRSA dated June 8, 2012 and numbered B.02.1.BDK.0.13.00.0-91.11-12061, it has been stated that there is no objection to recording the commissions received from long term non-cash loans collected in quarterly periods or periods less than a quarter directly as income. Consequently, the Parent Bank records the related cash and non-cash loans commissions directly as income.

VII. Explanations on financial assets:

Financial assets are recognized or derecognized according to TFRS 9 section three: "Recognition and Derecognition". Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Parent Bank, if the Parent Bank is a legal party to these instruments.

On which category financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Assessment of business model:

As per TFRS 9, the Parent Bank's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Parent Bank's business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not a classification approach on the basis of a financial instrument but an evaluation by combining financial assets.

The Parent Bank's business models are divided into three categories. These categories are defined below:

a) The Business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the cash flow test that includes profit share payments arising only from principal and principal amount at specific dates.

b) The Business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The Parent Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value changes of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the cash flows test that includes profit share payments arising only from principal and principal amount at specific dates.

c) Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Contractual cash flows that contains solely payments of principal and profit share:

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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VII. Explanations on financial assets (continued):

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, 2019 prepared by appraisers have been taken into consideration in measuring the fair values of the profit and loss sharing investments. These projects have not been revalued on the assumption that their cash flows do not change significantly as of March 31, 2020 and this assumption will be reassessed considering Covid pandemia in the coming periods.

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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VII. Explanations on financial assets (continued):

Loans (continued):

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

The 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 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

The provisions written back are credited to "provision expenses", and if such write backs are arising from previous year they are accounted under "other operating income". The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and finance lease receivables) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

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 is 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 December 31, 2020.

- 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 the process of completing the Garame banks protocols, it was formed as a result of extending the time to be given to time-consuming operations with a mutual agreement

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 March 31, 2020, under these flexibilities mentioned above, the Bank has receivables amounting to TL 134.466 over 30 days due and TL 82.895 over 90 days due and these receivables are classified under first and second group loans respectively.

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 March 31, 2020. Under this context, this approach used for the first 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. 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 cancelled.

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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VIII. Explanations on expected credit losses (continued):

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. These financial assets are divided into three categories depending on the increase in credit risk observed since their initial recognition:

Parameters used when calculating expected credit losses:

Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the Parent Bank uses two different PDs in order to calculate expected credit losses:

- 12-Months PD: As the estimated probability of default occurring within the next 12 months following the reporting date.
- Lifetime PD: As the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD):

If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

Exposure at Default (EAD):

For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion rate corresponds to the factor which adjust the potential increase of the exposure between the current date and the default date.

12 Month Expected Credit Losses (Stage 1):

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition and the delay days do not exceed 30 days. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan. The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

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 which are between 30 and 90 days overdue are classified under first group loans and 12 months expected credit loss are allocated for them.

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.

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VIII. Explanations on expected credit losses (continued):

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 will be valid from March 17, 2020 until December 31, 2020, default definition is based on the criterion that the debt is delayed more than 180 days instead of 90 days).

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

-Loans classified as "performing loans" after restructuring and restructuring at least one more time in one year observation period. (As per the correspondence of BRSA, dated November 21, 2019 and decision dated November 8, 2019 numbered 8653, observation period will be implemented for six months until December 31, 2020)

IX. Explanations on offsetting of financial instruments:

Financial instruments are offset when the Group has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The sukuk investments issued by the Group which are repurchased has been offset in financial assets measured at fair value through other comprehensive income and subordinated loan accounts.

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

Securities subject to repurchase agreement are classified as "Financial Assets Measured at Fair Value through Profit/Loss", "Financial Assets Measured at Fair Value through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from the related agreements are accounted under "Borrowings from Money Markets" in liabilities and the difference between the sale and repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under "Profit Share Expense on Money Market Borrowings" in the income statement.

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

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

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

A discontinued operation is a part of the Group's business which has been disposed of or classified as held for sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Group has not any discontinued operations.

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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 March 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:

	Depreciation Rate %
Buildings	2
Motor vehicles	20 – 25
Furniture, fixture and office equipment	4 – 33
Safe-deposit boxes	2 – 20
Operational lease improvement costs (Leasehold improvements)	Leasing period - 5 years
Leased assets	1- 10 years

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period. In cases where the leasing period is not certain, the useful life is determined as five years. After January 1, 2010 in cases where leasing period is more than five years, the useful life is determined as five years.

If there is an indication for impairment, the Group estimates the recoverable amount of the tangible asset in accordance with TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than its carrying value, provides for an impairment loss.

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XIII. Explanations on tangible assets (continued):

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.

The revaluation reports as of December 31, 2019 prepared by appraisers have been taken into consideration in measuring the fair values of the investment properties. Investment Properties have not been revalued on the assumption that their cash flows do not change significantly as of March 31, 2020 and this assumption will be reassessed considering Covid pandemia in the coming periods.

XV. Explanations on leasing transactions:

Assets acquired under finance lease contracts are recorded both as an asset and as a liability at the beginning date of the lease. The basis for the determination of the balances recorded in the balance sheet as asset and liability is the lower of fair value of the leased asset at the inception of the lease and the present value of the lease payments. Finance charges arising from lease contracts are expensed in the related periods taking into consideration the internal rate of return over the period of the lease.

Assets acquired under finance lease contracts are depreciated over their useful lives and impairment provision is provided in case a decrease in recoverable amount has been determined. The Parent Bank, as a participation bank, acts as a lessor in finance leasing transactions. The Parent Bank presents finance leased assets as a receivable equal to the net investment in the lease. Financial income is based on a pattern reflecting a constant periodic rate of return on the net investment outstanding.

With the "TFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Lease Payables" as a liability.

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting 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.

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XV. Explanations on leasing transactions (continued):

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.

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.

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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".

i) *Defined benefit plans (continued):*

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 March 31, 2020, there is an actuarial loss amounts to TL 35.264 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%.

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.

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XVIII. Explanations on taxation (continued):

Current tax (continued):

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.

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.

Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with ("TAS 12") "Turkish Accounting Standard for Income Taxes". Deferred tax asset is calculated on all temporary differences to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

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

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

Transfer pricing:

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

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

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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 X.

XXIV. Explanations on other matters:

There is no other matter

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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 March 31, 2020, the Parent Bank’s total capital has been calculated as TL 5.310.412 and capital adequacy standard ratio is 15,17 %. 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
COMMON EQUITY TIER 1 CAPITAL		
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	1.203.098	1.182.456
Gains recognized in equity as per TAS	496.290	953.069
Profit	17.524	90.045
Current Period Profit	17.524	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	-	-
Common Equity Tier 1 Capital Before Deductions	3.081.767	3.125.570
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	27.506	27.223
Improvement costs for operating leasing	23.452	24.273
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	32.563	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 4 th clause of the 56 th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	194.972	196.896
Total Common Equity Tier 1 Capital	2.886.795	2.928.674

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

a) Information on consolidated capital (continued):

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	775.720
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	775.720	775.720
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	775.720	775.720
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.662.515	3.704.394
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.517.287	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)	132.016	116.745
Tier II Capital Before Deductions	1.649.303	1.479.231
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.649.303	1.479.231
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.311.818	5.183.625
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	1.406	1.503

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

a) Information on consolidated capital (continued):

	Current Period	Prior Period
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (Total Core Capital and Supplementary Capital)	5.310.412	5.182.122
Total risk weighted amounts	35.016.814	32.572.892
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	8,24	8,99
Consolidated Tier 1 Capital Adequacy Ratio (%)	10,46	11,37
Consolidated Capital Adequacy Ratio (%)	15,17	15,91
BUFFERS		
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3,74	4,49
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	278.897	231.614
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	132.016	116.745
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	132.016	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	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(*) Amounts in this column represents the amounts of items that are subject to transition provisions.

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

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 the Exchange rates used for preparing December 31, 2020 financial statements 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 March, the Parent 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
Special Consideration in the Calculation of Equity		
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.517.287	TL 775.720 ⁽¹⁾
Par Value of Instrument	TL 1.517.287	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2020 Total Repayment Amount of Profit Share: USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	10,50%	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative
Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval it is convertible and the rate may be determined.	As per BRSA approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

(¹) Represented as historical cost.

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

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:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

III. 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 March 31, 2020 - Balance sheet evaluation rate	6,559	7,192
As of March 30, 2020	6,561	7,232
As of March 27, 2020	6,438	7,076
As of March 26, 2020	6,383	7,006
As of March 25, 2020	6,447	6,968
As of March 24, 2020	6,440	6,946

- 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 6,096 for 1 USD (December 2019: TL 5,664), TL 6,716 for 1 EUR (December 2019: TL 6,337).

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

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III. Explanations on consolidated currency risk (continued):

Information on currency risk of the Group:

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	2.052.046	2.923.623	1.012.816	5.988.485
Banks	600.639	1.008.553	1.097.372	2.706.564
Financial assets at fair value through profit and loss ^(**)	252.183	340.944	1.229.701	1.822.828
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	181.614	1.042.297	4.028	1.227.939
Loans and financial lease receivables ^(***)	5.748.436	12.077.568	356.527	18.182.531
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	1.131.828	1.049.883	-	2.181.711
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	20.976	20.976
Intangible assets	5.536	-	-	5.536
Other assets ^(****)	5.728	267.984	1.504	275.216
Total assets	9.978.010	18.710.852	3.722.924	32.411.786
Liabilities				
Current account and funds collected from banks via participation accounts	1.203.602	320.188	2.905	1.526.695
Other current and profit sharing accounts	6.483.345	15.998.065	3.213.948	25.695.358
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	1.160.755	2.844.657	-	4.005.412
Marketable securities issued	-	-	-	-
Miscellaneous payables	63.221	178.476	6.769	248.466
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	213	23.380	5.111	28.704
Total liabilities	8.911.136	19.364.766	3.228.733	31.504.635
Net balance sheet position	1.066.874	(653.914)	494.191	907.151
Net off balance sheet position	(1.008.707)	939.088	(37.646)	(107.265)
Derivative financial instruments assets ^(*****)	173.190	1.295.553	29.677	1.498.420
Derivative financial instruments liabilities ^(*****)	1.181.897	356.465	67.323	1.605.685
Non-cash loans ^(*****)	2.150.920	3.651.863	87.708	5.890.491
Prior Period				
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
Net balance sheet position	161.840	329.870	392.469	884.179
Net off balance sheet position	(122.274)	61.052	9.191	(52.031)
Derivative financial instruments assets	34.622	163.856	20.238	218.716
Derivative financial instruments liabilities	156.896	102.804	11.047	270.747
Non-cash loans ^(*****)	2.052.218	3.212.326	38.392	5.302.936

(*) TL 988.047 (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 769.533 (December 31, 2019: TL 425.089) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 2.947.798 (December 31, 2019: TL 2.192.902) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) Derivative financial instruments are included.

(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 2.090.086 (December 31, 2019: TL 2.154.914).

(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 1.430 (December 31, 2019: TL 1.591) is included in other assets.

(***** In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 275.404 (December 31, 2019: TL 174.881) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 401.231 (December 31, 2019: TL 214.726).

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

Other issues related to currency risk:

Since the Parent 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", this stated amount is not included in the above table.

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

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

V. Explanations on consolidated liquidity risk:

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

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

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

Risk Management Department defines the Parent Bank’s liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in comply with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Parent Bank’s risk profile, operation environment and strategic plan with regulations.

The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties.

The Parent Bank’s funding management is carried out in compliance with the ALCO decisions in the direction of the Fund Transfer Pricing (FTP) committee. Funding and placement strategies are developed by assessing liquidity of the Parent Bank.

In liquidity risk management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions.

Diversification of assets and liabilities is assured to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Parent Bank’s funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Parent Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view.

Liquidity risk exposed by the Parent Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits. 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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V. Explanations on consolidated liquidity risk (continued):

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:

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
		TL+FC	FC	TL+FC	FC
	Current Period				
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			11.939.594	9.772.841
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	25.129.195	14.999.685	2.283.615	1.499.969
3	Stable Funds Collected	4.586.086	-	229.304	-
4	Less stable Funds Collected	20.543.109	14.999.685	2.054.311	1.499.969
5	Unsecured Funding other than Retail and Small Business Customers Deposits	11.689.849	8.539.467	5.552.083	3.782.955
6	Operational Funds Collected	925.179	916.588	231.295	229.147
7	Non-Operational Funds Collected	3.998.760	2.732.865	2.042.481	1.459.076
8	Other Unsecured Funding	6.765.910	4.890.014	3.278.307	2.094.732
9	Secured funding			-	-
10	Other Cash Outflows	241.826	2.379.759	2.418.262	2.379.759
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	241.826	2.379.759	241.826	2.379.759
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	2.176.436	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	10.899.703	5.297.033	968.297	575.395
16	TOTAL CASH OUTFLOWS			11.222.257	8.238.078
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	6.764.560	4.484.710	5.647.210	4.003.071
19	Other contractual cash inflows	2.431.125	1.960.811	2.431.125	1.960.811
20	TOTAL CASH INFLOWS	9.195.685	6.445.521	8.078.335	5.963.882
				Upper limit applied amounts	
21	TOTAL HQLA			11.939.594	9.772.841
22	TOTAL NET CASH OUTFLOWS			3.143.922	2.274.196
23	Liquidity Coverage Ratio (%)			379,77	429,73

^(*) 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	288,93	250,38
Date	March 31, 2020	March 31, 2020
Highest	521,58	452,43
Date	January 1, 2020	January 1, 2020
Average	379,77	429,73

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V. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
		TL+FC	FC	TL+FC	FC
	Prior Period				
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			10.361.457	8.516.166
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	22.450.697	13.529.899	2.031.991	1.352.990
3	Stable Funds Collected	4.261.572	-	213.079	-
4	Less stable Funds Collected	18.189.125	13.529.899	1.818.912	1.352.990
5	Unsecured Funding other than Retail and Small Business Customers Deposits	10.643.961	7.686.134	5.483.485	3.667.400
6	Operational Funds Collected	696.888	685.978	174.222	171.494
7	Non-Operational Funds Collected	3.938.906	2.714.637	2.086.080	1.494.592
8	Other Unsecured Funding	6.008.167	4.285.519	3.223.183	2.001.314
9	Secured funding			-	-
10	Other Cash Outflows	1.768.240	1.693.566	1.768.240	1.693.566
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.768.240	1.693.566	1.768.240	1.693.566
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	10.265.642	4.849.421	915.024	540.638
16	TOTAL CASH OUTFLOWS			10.198.740	7.254.594
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.057.652	4.315.539	5.645.099	3.729.205
19	Other contractual cash inflows	1.782.202	1.210.989	1.782.202	1.210.989
20	TOTAL CASH INFLOWS	8.839.854	5.526.528	7.427.301	4.940.194
				Upper limit applied amounts	
21	TOTAL HQLA			10.361.457	8.516.166
22	TOTAL NET CASH OUTFLOWS			2.771.439	2.314.400
23	Liquidity Coverage Ratio (%)			373,87	367,96

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

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

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V. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Parent Bank's high quality liquid assets are composed of 7,10% cash, 50,94% deposits in central banks and 41,96% securities considered as high quality liquid assets.

The Parent Bank's main funding sources are funds collected, funds borrowed, borrowings from money market, issued securities and subordinated loans. Funding source composition in report date is 86,87% funds collected, 13,13% funds borrowed, borrowings from money market, subordinated loans and securities issued.

Cash flows of derivatives that will take place within 30 days are taken into account in calculation of liquidity coverage ratio. Cash outflows of derivatives that arise from margin obligations, are reflected to the results in accordance with the methodology articulated in the related legislation.

The Parent Bank manages all the transactions with its foreign branches and subsidiaries consolidated in the framework of central bank, markets and related legislation of the country in which the institutions are located. Consolidated liquidity risk of the Parent Bank, its foreign branches and subsidiaries that are to be consolidated are managed within the regulatory limits and in accordance with group strategies. The liquidity positions of consolidated subsidiaries are continuously monitored by the Parent Bank.

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V. Explanations on consolidated liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (****)(*****)	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	3.865.429	2.765.287	-	-	-	-	-	6.630.716
Banks	2.530.212	1.068.600	67.890	-	-	-	-	3.666.702
Financial Assets at Fair Value Through Profit and Loss ⁽¹⁾	12.763	133.400	17.962	853.493	1.183.731	-	-	2.201.349
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	31.029	848	16.554	328.186	1.576.201	-	-	1.952.818
Loans ⁽²⁾	-	2.532.907	2.463.394	9.221.048	15.879.377	2.543.136	1.249.655	33.889.517
Financial Assets Measured at Amortised Cost	-	2.388	715.823	610.622	1.680.829	-	-	3.009.662
Other Assets ^(****)	751.167	-	326	15.907	101.675	876.445	2.553.218	4.298.738
Total Assets	7.190.600	6.503.430	3.281.949	11.029.256	20.421.813	3.419.581	3.802.873	55.649.502
Liabilities								
Current account and funds collected from banks via participation accounts	772.240	409.365	345.710	6.890	-	-	-	1.534.205
Other current and profit sharing accounts	14.434.940	21.109.158	4.256.543	1.874.768	48.459	-	-	41.723.868
Funds provided from other financial institutions and subordinated loans	-	1.270.338	401.239	905.332	8.542	1.517.287	-	4.102.738
Money Market Borrowings	-	20.223	-	-	-	-	-	20.223
Marketable securities issued	-	863.176	1.261.841	94.876	-	-	-	2.219.893
Miscellaneous payables	-	274.790	75.848	27.983	6	-	1.179.557	1.558.184
Other liabilities	775.720	44	33	7.180	78.970	206.114	3.422.330	4.490.391
Total Liabilities	15.982.900	23.947.094	6.341.214	2.917.029	135.977	1.723.401	4.601.887	55.649.502
Net Liquidity Gap	(8.792.300)	(17.443.664)	(3.059.265)	8.112.227	20.285.836	1.696.180	(799.014)	-
Net Off-Balance Sheet								
Position	-	798	(2.013)	(3.225)	-	-	-	(4.440)
Financial Derivative Assets	-	1.174.582	26.622	74.562	-	-	-	1.275.766
Financial Derivative Liabilities	-	1.173.784	28.635	77.787	-	-	-	1.280.206
Non-Cash Loans	6.296.226	236.846	594.524	2.821.578	874.929	32.947	-	10.857.050
Prior Period								
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
Net Liquidity Gap	(7.398.517)	(12.507.462)	(4.680.629)	5.799.918	17.212.041	1.007.260	567.389	-
Net Off-Balance Sheet								
Position	-	113	(108)	243	-	-	-	248
Financial Derivative Assets	-	34.764	8.644	23.261	-	-	-	66.669
Financial Derivative Liabilities	-	34.651	8.752	23.018	-	-	-	66.421
Non-Cash Loans	5.962.062	223.917	560.809	2.632.808	1.011.614	40.228	-	10.431.438

⁽¹⁾ Derivative financial instruments are included.

⁽²⁾ 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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VI. Explanations on consolidated leverage ratio:

	Current Period^(**)	Prior Period^(**)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*)	54.153.189	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	2.630.129	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	322.292	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	7.985	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	-	-
Total Risk Amount	67.847.327	61.760.984

^(*) Consolidated financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué "Preparation of Consolidated Financial Statements".

^(**) Represents average of the three months.

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VI. Explanations on consolidated leverage ratio (continued):

As of March 31, 2020, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 5,40% (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 the high rate of increase in average core capital.

		Current Period^(*)	Prior Period^(*)
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	54.446.769	49.365.269
2	(Assets deducted from Core capital)	(56.445)	(58.234)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	54.390.324	49.307.035
Derivative financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	5.098	5.672
5	Potential credit risk amount of derivative financial assets and credit derivatives	12.983	11.228
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	18.081	16.900
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	170.948	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)	170.948	186.303
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	13.267.974	12.250.746
11	(Correction amount due to multiplication with credit conversion rates)	-	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	13.267.974	12.250.746
Capital and total risk			
13	Core Capital	3.662.442	3.288.556
14	Total risk amount (sum of lines 3, 6, 9 and 12)	67.847.327	61.760.984
Leverage ratio			
15	Leverage ratio (%)	5,40	5,32

(*) The average of the last three months in the related periods

VII. Explanations on presentation of consolidated financial assets and liabilities at fair value:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

VIII. 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.

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IX. 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 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. The following tables which have to be presented on a quarterly basis have not been presented dated March 31, 2020 since the Bank's use the standard approach for the calculation of capital adequacy:

- RWA flow statements of credit risk exposures under the Internal Rating-Based approach ("IRB").
- RWA flow statements of CCR exposures under the Internal Model Method.
- RWA flow statements of market risk exposures under an Internal Model Approach.

Overview of risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	31.024.148	29.462.092	2.481.932
2	Standardised approach (SA)	31.024.148	29.462.092	2.481.932
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	13.384	2.396	1.071
5	Standardised approach for counterparty credit risk (SA-CCR)	13.384	2.396	1.071
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	1.035.258	397.345	82.821
17	Standardised approach (SA)	1.035.258	397.345	82.821
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	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	35.016.814	32.572.892	2.801.346

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X. Explanations on consolidated business segments:

The Parent Bank operates in retail, commercial and corporate banking segments via profit/loss sharing method in accordance with its mission.

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(106.631)	541.632	195.210	37.857	668.068
Operating Expenses	(205.064)	(357.372)	(101.515)	18.246	(645.705)
Operating Income/Expenses	(311.695)	184.260	93.695	56.103	22.363
Profit/(Loss) Before Tax	(311.695)	184.260	93.695	56.103	22.363
Tax Expense	-	-	-	(4.017)	(4.017)
Current Year Profit/(Loss)	(311.695)	184.260	93.695	52.086	18.346
Total Assets	2.952.052	32.319.271	17.814.285	2.563.894	55.649.502
Total Liabilities	28.682.304	16.611.692	6.355.085	4.000.421	55.649.502

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(173.507)	665.981	55.260	85.454	633.188
Operating Expenses	(159.690)	(393.174)	(47.395)	(7.023)	(607.282)
Operating Income/Expenses	(333.197)	272.807	7.865	78.431	25.906
Profit/(Loss) Before Tax	(333.197)	272.807	7.865	78.431	25.906
Tax Expense	-	-	-	(8.181)	(8.181)
Current Year Profit/(Loss)	(333.197)	272.807	7.865	70.250	17.725
Total Assets	2.574.413	28.499.436	17.385.810	3.016.309	51.475.968
Total Liabilities	26.441.681	15.314.905	5.744.992	3.974.390	51.475.968

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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	136.177	701.729	128.031	894.076
CBRT	438.518	4.629.358	1.167.687	5.902.132
Other ^(*)	67.641	657.398	130.984	572.999
Total	642.336	5.988.485	1.426.702	7.369.207

^(*) Includes precious metals amounting to TL 475.038 (December 31, 2019: TL 145.266) and cash in transit amounting to TL 250.001 (December 31, 2019: TL 558.717) as of March 31, 2020.

b) Information related to CBRT:

	Current Period		Prior Period	
	TP	YP	TP	YP
Unrestricted demand deposit	437.654	1.864.830	1.167.543	1.279.517
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	864	2.764.528	144	4.622.615
Total	438.518	4.629.358	1.167.687	5.902.132

^(*) As of March 31, 2020, the reserve requirement held in standard gold is TL 513.009 (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 BRSA dated January 2, 2020, the commission is paid to CBRT from foreign exchange reserves kept at required reserves and foreign exchange call deposits.

As of March 31, 2020, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 1% to 7% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 2% to 21% depending on maturity of deposits.

The Parent Banks, which meet the conditions in the "Communiqué Regarding the Reserve Requirements" on real credit growth rates, will get the return at 8%, for the others, which do not meet the conditions in the mentioned Communiqué, will get the return at 0%.

c.1) Information on banks:

	Current Period		Prior Period	
	TP	YP	TP	YP
Banks				
Domestic ^(*)	992.941	1.051.866	1.109.920	840.053
Abroad	-	1.654.698	-	2.244.574
Foreign head offices and branches	-	-	-	-
Total	992.941	2.706.564	1.109.920	3.084.627

^(*) Includes blockaged amount TL 976.121 (December 31, 2019: TL 1.032.679) booked under TL accounts arising from POS transactions

c.2) Information on foreign bank accounts:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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1. Explanations and notes on the consolidated financial statements (continued):

2. Information on financial assets measured at fair value through profit/loss:

a. Information on financial assets measured at fair value through profit/loss subject to repurchase agreements and given as collateral/blocked:

As of March 31, 2020, there is not any amount subject to repurchase agreements (December 31, 2019: None).

As of March 31, 2020, there is a blocked/guaranteed amounting to TL 864 (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	376.070	1.810.342	100.556	436.059
Others	2.029	3.379	33.942	1.920
Total	378.099	1.813.721	134.498	437.979

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

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

As of March 31, 2020, repurchase agreements amount is TL 18.815 (December 31, 2019: None)

As of March 31, 2020, guaranteed/blocked nominal amount is TL 393.320 (December 31, 2019: TL 355.481)

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

	Current Period	Prior Period
Debt securities	1.946.777	1.966.602
Quoted on a stock exchange	1.946.777	1.966.602
Unquoted	-	-
Investment Funds	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Share certificates	31.027	23.312
Quoted on a stock exchange	14.508	15.293
Unquoted	16.519	8.019
Impairment provision (-)	24.986	2.177
Total	1.952.818	1.987.737

4. Information on financial assets measured at amortised cost:

a) Information on subject to repurchase transactions, given as a guarantee or blocked:

As of March 31, 2020, there is not any amount subject to repurchase agreements (December 31, 2019: None)

As of March 31, 2020, there is not any amount blocked/guaranteed (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 ^(*)	3.009.662	1.934.483
Total	3.009.662	1.934.483

^(*) Consists of Sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

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

c) Information related to financial assets measured at amortised cost:

	Current Period	Prior Period
Debt Securities	3.009.662	1.994.319
Quoted on a stock exchange	3.009.662	1.994.319
Unquoted	-	-
Impairment provision (-)	-	-
Total	3.009.662	1.994.319

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	153.156	32.804
Purchases during period (*)	937.857	1.442.377
Disposals through sales and redemptions(*)	(79.287)	(132.000)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	3.617	32.632
Closing balance	3.009.662	1.994.319

(*) 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	422	-	138	-
Swap Transactions	-	9.107	-	259
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	422	9.107	138	259

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	372	350	164.966	39.387
Corporate shareholders	365	-	164.690	39.037
Real person shareholders	7	350	276	350
Indirect loans granted to shareholders	767.496	24.450	632.926	27.308
Loans granted to employees	20.552	2	15.236	2
Total	788.420	24.802	813.128	66.697

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

6. Information on loans:

b) Information on standart loans and loans under close monitoring including restructured or rescheduled loans:

b1) Detailed table for standard loans and loans under close monitoring including restructured or rescheduled loans:

Current Period		Loans Under Close Monitoring		
		Not under the scope of restructuring or rescheduling	Restructured	
Cash Loans	Standard loans		Loans with revised contract terms	Refinancing
Loans	29.043.223	2.618.866	275.024	646.162
Export loans	1.904.172	6.842	-	-
Import loans	2.285.559	62.585	-	-
Business loans	13.431.865	2.312.092	173.365	492.211
Consumer loans	2.725.583	94.564	1.827	103
Credit cards	361.176	4.933	-	-
Loans given to financial sector	1.280.972	-	-	-
Other ^(*)	7.053.896	137.850	99.832	153.848
Other receivables	-	-	-	-
Total	29.043.223	2.618.866	275.024	646.162

^(*) Details of other loans are provided below:

Commercial loans with installments	1.521.115
Other investment credits	544.648
Loans given to abroad	2.052.388
Profit and loss sharing investments ^(**)	2.912.361
Loans for purchase of marketable securities for customer	330.820
Other	84.094
Total	7.445.426

^(**) As of March 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 March 31, 2020, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss.

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- I. Explanations and notes related to consolidated assets (continued):
6. Information on loans (continued):
- b) Information on standart loans and loans under close monitoring including restructured or rescheduled loans (continued):
- b1) Detailed table for standard loans and loans under close monitoring including restructured or rescheduled loans (continued):

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
		Restructuring or	Amendments to the	
Cash Loans	Standard Loans	Rescheduling	Terms of Contracts	Refinancing
Loans	24.762.658	2.829.986	268.876	553.950
Export loans	1.351.678	8.228	-	-
Import loans	1.602.342	78.351	-	-
Business loans	13.038.036	2.454.010	212.870	416.862
Consumer loans	2.315.782	112.732	2.183	-
Credit cards	380.272	5.548	-	-
Loans given to financial sector	47.640	-	-	-
Other ^(*)	6.026.908	171.117	53.823	137.088
Other receivables	-	-	-	-
Total	24.762.658	2.829.986	268.876	553.950

(*) Details of other loans are provided below:

Commercial loans with installments	1.207.001
Other investment credits	458.318
Loans given to abroad	1.698.852
Profit and loss sharing investments ^(**)	2.673.428
Loans for purchase of marketable securities for customer	283.110
Other	68.227
Total	6.388.936

(**) As of December 31, 2019, the related balance represents profit and loss sharing investment projects (8 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Parent Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Parent Bank's share of loss is limited with the funds invested in the project by the Parent Bank. As of December 31, 2019, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 96.206 (TL 173.780 valuation profit, TL 59.028 valuation loss) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. In addition to the fair value profit, as of December 31, 2019, the project sales profit accrual amounts to TL 15.716. In total, net profit from profit and loss sharing investments is TL 130.468.

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	118.081	-
Significant Increase in Credit Risk	-	84.101
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	100.058	-
Significant Increase in Credit Risk	-	85.093

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

6. Information on loans (continued):

c) Maturity analysis of cash loans:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

ç) Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards:

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	41.753	2.763.485	2.805.238
Housing loans	14.321	2.425.974	2.440.295
Vehicle loans	11.684	262.290	273.974
Consumer loans	15.748	75.221	90.969
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	824	824
Housing loans	-	824	824
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	93.798	176	93.974
With installment	27.982	168	28.150
Without installment	65.816	8	65.824
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	14.136	1.879	16.015
Housing loans	-	4	4
Vehicle loans	91	1.378	1.469
Consumer loans	14.045	497	14.542
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	4.520	17	4.537
With installment	1.978	17	1.995
Without installment	2.542	-	2.542
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (real person)	-	-	-
Overdraft account-FC (real person)	-	-	-
Total	154.207	2.766.381	2.920.588

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

ç) Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards (continued):

Prior Period	Short-term	Medium and long-term	Total
Consumer loans-TL	42.191	2.378.802	2.420.993
Housing loans	12.147	2.082.795	2.094.942
Vehicle loans	12.443	210.479	222.922
Consumer loans	17.601	85.528	103.129
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	212	212
Housing loans	-	212	212
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	104.320	172	104.492
With installment	33.424	164	33.588
Without installment	70.896	8	70.904
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	7.948	1.544	9.492
Housing loans	-	11	11
Vehicle loans	140	827	967
Consumer loans	7.808	706	8.514
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	5.723	21	5.744
With installment	2.541	21	2.562
Without installment	3.182	-	3.182
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	160.182	2.380.751	2.540.933

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

d) Information on commercial loans with installments and corporate credit cards:

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	71.355	1.010.069	1.081.424
Business loans	5.840	333.155	338.995
Vehicle loans	56.024	509.751	565.775
Consumer loans	9.491	167.163	176.654
Other	-	-	-
Commercial installment loans-FC indexed	-	180.706	180.706
Business loans	-	94.088	94.088
Vehicle loans	-	19.053	19.053
Consumer loans	-	67.565	67.565
Other	-	-	-
Commercial installment Loans-FC	10.717	248.268	258.985
Business loans	-	118.892	118.892
Vehicle loans	2.766	85.289	88.055
Consumer loans	7.951	44.087	52.038
Other	-	-	-
Corporate credit cards-TL	267.335	263	267.598
With installment	67.762	245	68.007
Without installment	199.573	18	199.591
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	349.407	1.439.306	1.788.713

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	58.262	756.177	814.439
Business loans	3.036	196.308	199.344
Vehicle loans	48.075	396.582	444.657
Consumer loans	7.151	163.287	170.438
Other	-	-	-
Commercial installment loans-FC indexed	-	199.773	199.773
Business loans	-	101.807	101.807
Vehicle loans	-	23.898	23.898
Consumer loans	-	74.068	74.068
Other	-	-	-
Commercial installment Loans-FC	4.714	188.075	192.789
Business loans	-	113.768	113.768
Vehicle loans	4.714	32.017	36.731
Consumer loans	-	42.290	42.290
Other	-	-	-
Corporate credit cards-TL	275.332	252	275.584
With installment	71.610	235	71.845
Without installment	203.722	17	203.739
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	338.308	1.144.277	1.482.585

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

e) Allocation of loans by customers:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	30.530.887	26.716.618
Foreign loans	2.052.388	1.698.852
Total	32.583.275	28.415.470

g) Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TP	YP	TP	YP
Direct Loans Granted to Subsidiaries and Associates	8	-	3	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total	8	-	3	-

ğ) Specific provisions for loans or provisions for default loans (stage 3):

	Current Period	Prior Period
Loans with limited collectability	317.467	250.661
Loans with doubtful collectability	141.603	114.063
Uncollectible loans	652.890	581.907
Total	1.111.960	946.631

Specific provisions in the amount of TL 1.111.960 (December 31, 2019: TL 946.631) comprise TL 465.204 (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 Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period			
Gross amount before specific provisions	1.468	66.724	112.368
Restructured loans	1.468	66.724	112.368
Prior period			
(Gross amount before specific provisions)	1.645	42.080	92.590
Restructured loans and other receivables	1.645	42.080	92.590

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

h.2) Movements of total non-performing loans:

	Group III	Group IV	Group V
	Loans with	Loans with	Uncollectable
Current Period	limited	doubtful	loans
	collectability	collectability	
Closing balance of prior period	466.434	319.648	1.435.641
Additions in the current period (+)	182.140	20.165	63.445
Transfers from other categories of non-performing loans (+)	-	146.159	98.582
Transfers to other categories of non-performing loans (-)	146.159	98.582	-
Collections in the current period (-)	10.449	28.737	81.169
Transfers to standard loans (-)	317	242	4.944
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	491.649	358.411	1.511.555
Provisions (-)	317.467	141.603	652.890
Net balance at the balance sheet	174.182	216.808	858.665

Non-performing loans and receivables in the amount of TL 2.361.615 comprise TL 1.158.163 of participation account share of loans provided from participation accounts.

	Group III	Group IV	Group V
	Loans and	Loans and	Uncollectable
Prior Period	receivables with limited	receivables with doubtful	loans and
	collectability	collectability	receivables
Closing balance of prior period	346.493	341.237	1.200.817
Additions in the current period (+)	982.060	80.672	177.977
Transfers from other categories of non-performing loans (+)	-	790.836	688.296
Transfers to other categories of non-performing loans (-)	790.836	688.296	-
Collections in the current period (-)	62.083	122.433	191.240
Transfers to standard loans (-)	9.200	82.368	440.209
Write offs (-) ^(*)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	466.434	319.648	1.435.641
Specific provisions (-)	250.661	114.063	581.907
Net balance at the balance sheet	215.773	205.585	853.734

(*) According to change in "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the written off amount is TL 441.418 and its effect to NPL ratio is 131 basis point.

Non-performing loans and receivables in the amount of TL 2.221.723 comprise TL 1.120.746 of participation account share of loans provided from participation accounts.

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

h.3) Non-performing loans and other receivables in foreign currencies:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period:			
Period end balance	288.191	44.380	58.520
Provision (-)	223.639	15.295	34.997
Net balance	64.552	29.085	23.523
Prior period:			
Period end balance	262.392	19.248	99.860
Specific provision (-)	162.380	5.990	48.339
Net balance	100.012	13.258	51.521

h.4) Gross and net amounts of non-performing loans according to user groups:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period (net)			
Loans to individuals and corporates (gross)	491.649	358.411	1.511.555
Provision (-)	317.467	141.603	652.890
Loans to individuals and corporates (net)	174.182	216.808	858.665
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)			
Loans to individuals and corporates (gross)	466.434	319.648	1.435.641
Specific provision (-)	250.661	114.063	581.907
Loans to individuals and corporates (net)	215.773	205.585	853.734
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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

h.5) Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period (Net)	13.620	50.390	202.758
Profit Share Accruals and Valuation Differences	14.363	73.309	328.579
Provision (-)	743	22.919	125.821
Prior Period (Net)	19.373	43.571	180.590
Profit Share Accruals and Valuation Differences	25.237	58.290	279.633
Provision (-)	5.864	14.719	99.043

i) Liquidation policy for uncollectable loans:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

i) Information on "Write-off" policies:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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	47.987	30.507	54.436	36.045
1 to 4 years	154.188	142.024	137.190	126.827
More than 4 years	91.301	86.238	83.308	80.806
Total	293.476	258.769	274.934	243.678

b) Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	293.476	274.934
Unearned financial lease receivable (-)	34.707	31.256
Net receivable from financial leases	258.769	243.678

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.

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

c) General explanation on finance lease contracts (continued):

Information on leasing receivables:

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
			Loans with Revised Contract Terms	Refinancing
Current Period				
Financial lease receivables (Net)	217.500	38.537	2.732	-
Prior Period				
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	65.849	159.027
Disposals	(24.715)	(62.075)
Transfers ^(*)	(33.607)	(835.806)
Impairment Provision (-)/Reversal of Impairment Provision ^(*)	-	213.646
Net closing balance	132.007	124.480

^(*) The transfers and impairments related to the transfers (if any) have been moved to assets to be sold under tangible assets.

As of March 31, 2020, TL 131.511 (December 31, 2019: TL 123.357) of the assets held for sale is comprised of real estates, TL 496 (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 consolidated associates:

The associates of Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu controlled by Parent Bank namely Inooster Bilgi Teknolojileri A.Ş., Pedudi Bilişim Teknolojileri A.Ş., Tam Entegre Yazılım A.Ş. and Kronnika Bilgi Teknolojileri A.Ş. have not been consolidated since they are non-financial associates. The information related to those companies as of March 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
Inooster Bilgi Teknolojileri A.Ş.	İstanbul / Türkiye	Information Technologies	59	15	519
Pedudi Bilişim Teknolojileri A.Ş.	Kocaeli/ Türkiye	Information Technologies	50	20	544
Tam Entegre Yazılım A.Ş.	İstanbul/Türkiye	Information Technologies	50	30	254
Kronnika Bilgi Teknolojileri A.Ş.	İstanbul/Türkiye	Information Technologies	100	20	2.043

a.2) Information on consolidated associates:

As of balance sheet date, the Group does not have any consolidated associates.

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

9. Ownership investments (continued):

b. Information on subsidiaries (net):

b.1) Information on consolidated subsidiaries:

As per BOD decision dated December 22, 2017 "Albaraka Kültür Sanat ve Yayıncılık A.Ş." has been established. As of March 31, 2020, the company's capital is TL 3.540 and the Parent Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

As per BOD decision dated December 24, 2018 "Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret Anonim Şirketi" has been established. As of March 31, 2020, the company's capital is TL 18.000 and the Parent Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

Natura Gıda Sanayi ve Ticaret A.Ş., which is an associate of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, has not been consolidated since it is a none financial entity.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	(Fund) Share percentage (%)
Natura Gıda Sanayi ve Ticaret A.Ş.	Istanbul /Turkey	-	81,90

The balances of Natura Gıda Sanayi ve Ticaret A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2018.

Total assets	Shareholders' equity	Non- current assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss
464.641	(380.893)	266.993	184	-	(217.713)	(499.859)

b.2) Information on consolidated subsidiaries:

i) Bereket Varlık Kiralama A.Ş. which is subject to consolidation by the Parent Bank founded on October 14, 2011, the purpose of which is to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. has been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on "Principles Related to Rent Certificates and Asset Leasing Companies" dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Turkey and other related regulations, upon BRSA's opinion dated September 22, 2011, numbered B.02.1.BDK.0.13.00.0-91.11-20564 and permission of Capital Markets Board of Turkey dated October 6, 2011 numbered 32/923. The founding capital of the Company is TL 50. As of March 31, 2020, the capital of the Company is TL 400. Bereket Varlık Kiralama A.Ş. is consolidated using full consolidation method as of March 31, 2020.

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from not reviewed financial statements as of March 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	-

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

9. Ownership investments (continued):

b.2) Information on consolidated subsidiaries (continued):

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
2.420.566	515	-	-	-	8	107	-

ii) In the Board of Directors meeting dated February 25, 2015, the Parent Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş." whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. As of March 31, 2020, the capital of the company is TL 16.000. Albaraka Portföy Yönetimi A.Ş. is consolidated using full consolidation method as of March 31, 2020.

The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from not reviewed financial statements as of March 31, 2020.

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Portföy Yönetimi A.Ş.	Istanbul/Turkey	100,00	-

Total assets	Shareholders' equity	Total non-current assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
36.016	34.308	607	762	-	3.611	13.413	-

iii) As of March 31, 2020, not reviewed financial statements of the Parent Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" is as follows:

Name	Address (City/Country)	Parent Bank's share percentage-If different voting percentage (%)	Risk share percentage of other shareholders (%)
Insha GMBH	Berlin / Germany	100,00	-

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
1.358.985 €	1.296.265 €	-	-	-	(458.239) €	(1.181.277) €	-

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

9. Ownership investments (continued):

b.2) Information on consolidated subsidiaries (continued):

iv) Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	23.711	11.307
Movements inside the term	-	12.404
Purchases/new incorporations/capital increases	-	12.404
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	23.711	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	23.711	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.

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 March 31, 2020, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financial data from not reviewed financial statements as of March 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	219.375	2.671.633	2.683.129	50.190	(41.317)

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

9. Ownership investments (continued):

c.3) Information on consolidated investment funds:

The financial information of the investment funds consolidated by the Parent Bank using full consolidation method as of March 31, 2020 are as follows:

Investment Funds	Share of Parent Bank (%)	Share of Group (%)	Investment Amount of the Parent Bank (TL)	Income	Expenses	Net Profit /(Loss)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	90,69	90,69	366.848	14.129	6.760	7.369
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	95,51	95,51	376.692	5.573	2.571	3.002
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	89,19	89,19	302.980	3.550	3.354	196
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	100,00	100,00	263.246	660	1.092	(432)
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	87,68	87,68	169.280	356	1.244	(888)
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu ^(*)	99,03	99,03	10.000	192	82	110
Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu	46,10	46,10	1.000	(291)	86	(377)
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	52,48	52,48	800	111	21	90
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	56,09	56,09	1.600	587	15	572
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu	48,04	48,04	700	10	13	(3)

10. Information on tangible assets:

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

11. Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

12. Information on investment property:

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment properties ^(*)	1.406.492	-	1.419.315	-
Total	1.406.492	-	1.419.315	-

^(*) Includes investment properties of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu".

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

13. Information related to deferred tax asset:

As of March 31, 2020, the Group calculated net deferred tax asset of TL 216.278 (December 31, 2019: TL 166.345) by netting off deferred tax asset of TL 277.334 (December 31, 2019: TL 229.707) and deferred tax liability of TL 61.056 (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	54.844	56.241
Provisions for retirement premium and vacation pay liabilities	21.397	20.147
Difference between carrying value and tax base of tangible assets (amortization differences)	23.493	20.010
Depreciation of tangible assets	42.800	42.801
Provisions for cases on trial	4.011	3.444
Revaluation difference of financial assets measured at fair value through other comprehensive income	1.648	-
Provisions	28.007	24.961
Leasing profit share expenses	14.764	11.832
Other	86.370 ^(*)	50.271 ^(*)
Deferred tax asset	277.334	229.707
Revaluation difference of property	20.638	21.063
Rediscount on profit share	10.471	8.445
Right of use assets	24.751	19.710
Other	5.196	14.144 ^(**)
Deferred tax liability	61.056	63.362
Deferred tax asset (net)	216.278	166.345

^(*) Includes tax asset amounts to TL 78.410 calculated from financial losses (December 31, 2019: TL 50.128) out of related deferred tax assets, TL 50.128 and TL 28.282 arises from 2019 and 2020 years' financial losses respectively. Since the Bank has projections on that it will acquire adequate taxable income to deduct these amounts in the coming periods, the Bank has recognized TL 78.410 as deferred tax asset into the accounts.

^(**) Includes Revaluation difference of financial assets measured at fair value through other comprehensive income amounting to TL 11.298 and deferred tax liability calculated for derivative financial instruments amounting to TL 87.

14. Information on other assets:

As of the balance sheet date, the Group's other assets balance is TL 710.127 (December 31, 2019: TL 648.648) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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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
I. Real Persons Current Accounts Non-Trade TL	1.974.331	-	-	-	-	-	-	-	1.974.331
II. Real Persons Participation Accounts Non-Trade TL	-	2.765.727	5.334.847	225.409	-	37.684	498.751	13.384	8.875.802
III. Current Account other-TL	2.410.154	-	-	-	-	-	-	-	2.410.154
Public Sector	56.354	-	-	-	-	-	-	-	56.354
Commercial Institutions	2.231.763	-	-	-	-	-	-	-	2.231.763
Other Institutions	76.196	-	-	-	-	-	-	-	76.196
Commercial and Other Institutions	38.357	-	-	-	-	-	-	-	38.357
Banks and Participation Banks	7.484	-	-	-	-	-	-	-	7.484
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	39	-	-	-	-	-	-	-	39
Foreign Banks	7.426	-	-	-	-	-	-	-	7.426
Participation Banks	19	-	-	-	-	-	-	-	19
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	417.318	2.169.600	121.403	-	13.589	53.469	354	2.775.733
Public Sector	-	57	83	-	-	-	-	-	140
Commercial Institutions	-	391.094	2.050.723	119.477	-	13.103	50.553	354	2.625.304
Other Institutions	-	23.176	118.272	1.926	-	486	2.916	-	146.776
Commercial and Other Institutions	-	2.991	496	-	-	-	-	-	3.487
Banks and Participation Banks	-	-	26	-	-	-	-	-	26
V. Real Persons Current Accounts Non-Trade FC	4.313.852	-	-	-	-	-	-	-	4.313.852
VI. Real Persons Participation Accounts Non-Trade FC	-	3.482.289	5.392.827	483.606	-	39.660	1.305.875	1.192	10.705.449
VII. Other Current Accounts FC	5.219.116	-	-	-	-	-	-	-	5.219.116
Residents in Turkey-Corporate	3.513.936	-	-	-	-	-	-	-	3.513.936
Residents Abroad-Corporate	940.424	-	-	-	-	-	-	-	940.424
Banks and Participation Banks	764.756	-	-	-	-	-	-	-	764.756
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	758.535	-	-	-	-	-	-	-	758.535
Participation Banks	6.221	-	-	-	-	-	-	-	6.221
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	947.797	2.741.738	311.649	-	15.438	18.490	726	4.035.838
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	593.746	2.050.433	93.701	-	8.548	18.436	726	2.765.590
Other institutions	-	4.107	164.742	8.563	-	-	-	-	177.412
Commercial and Other Institutions	-	88.556	237.152	5.135	-	-	54	-	330.897
Banks and Participation Banks	-	261.388	289.411	204.250	-	6.890	-	-	761.939
IX. Precious Metals Deposits	1.289.727	394.218	1.172.760	28.383	-	10.980	51.248	482	2.947.798
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	15.207.180	8.007.349	16.811.772	1.170.450	-	117.351	1.927.833	16.138	43.258.073

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

1. Information on funds collected (continued):

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	1.683.275	-	-	-	-	-	-	-	1.683.275
II. Real Persons Participation Accounts Non-Trade TL	-	2.908.832	5.077.473	207.355	-	34.125	401.888	13.686	8.643.359
III. Current Account other-TL	2.515.654	-	-	-	-	-	-	-	2.515.654
Public Sector	68.515	-	-	-	-	-	-	-	68.515
Commercial Institutions	2.345.346	-	-	-	-	-	-	-	2.345.346
Other Institutions	76.454	-	-	-	-	-	-	-	76.454
Commercial and Other Institutions	18.415	-	-	-	-	-	-	-	18.415
Banks and Participation Banks	6.924	-	-	-	-	-	-	-	6.924
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	6.788	-	-	-	-	-	-	-	6.788
Participation Banks	134	-	-	-	-	-	-	-	134
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	343.256	1.329.289	41.872	-	56.180	59.858	183	1.830.638
Public Sector	-	56	81	-	-	-	-	-	137
Commercial Institutions	-	300.413	1.140.561	38.821	-	55.674	57.009	183	1.592.661
Other Institutions	-	21.522	185.968	3.051	-	506	2.849	-	213.896
Commercial and Other Institutions	-	21.265	2.288	-	-	-	-	-	23.553
Banks and Participation Banks	-	-	391	-	-	-	-	-	391
V. Real Persons Current Accounts Non- Trade FC	3.978.509	-	-	-	-	-	-	-	3.978.509
VI. Real Persons Participation Accounts Non-Trade FC	-	3.281.952	5.189.583	463.346	-	30.296	1.062.696	1.388	10.029.261
VII. Other Current Accounts FC	4.839.287	-	-	-	-	-	-	-	4.839.287
Residents in Turkey-Corporate	3.240.586	-	-	-	-	-	-	-	3.240.586
Residents abroad-Corporate	811.306	-	-	-	-	-	-	-	811.306
Banks and Participation Banks	787.395	-	-	-	-	-	-	-	787.395
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	781.931	-	-	-	-	-	-	-	781.931
Participation Banks	5.464	-	-	-	-	-	-	-	5.464
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	498.817	2.893.485	612.470	-	6.545	14.971	27	4.026.315
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	348.427	2.117.663	39.815	-	6.545	14.922	27	2.527.399
Other Institutions	-	4.130	49.904	6	-	-	-	-	54.040
Commercial and Other Institutions	-	65.806	173.495	4.626	-	-	49	-	243.976
Banks and Participation Banks	-	80.454	552.423	568.023	-	-	-	-	1.200.900
IX. Precious Metals Deposits	878.269	285.168	954.585	27.361	-	9.509	37.828	182	2.192.902
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	13.894.994	7.318.025	15.444.415	1.352.404	-	136.655	1.577.241	15.466	39.739.200

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

b) Information on participation fund under the guarantee of insurance:

b.1) Exceeding the limit of insurance fund:

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

	Under the guarantee of Insurance	Under the guarantee of Insurance	Exceeding the guarantee of Insurance	Exceeding the guarantee of Insurance
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	6.049.361	5.855.401	4.800.772	4.471.232
Foreign currency accounts	4.776.775	4.485.043	12.793.416	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	43.776	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	18.965	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	-	-

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

2. Information on borrowings:

a.1) Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	1.708.392	-	978.465
Other	97.326	726.336	100.219	712.914
Total	97.326	2.434.728	100.219	1.691.379

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	97.326	86.500	100.219	252.151
Loans from foreign banks, institutions and funds	-	2.348.228	-	1.439.228
Total	97.326	2.434.728	100.219	1.691.379

a.3) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	97.326	1.466.207	100.219	1.129.603
Medium and Long-Term	-	968.521	-	561.776
Total	97.326	2.434.728	100.219	1.691.379

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:

a) Breakdown of sukuk issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	2.219.893	-	2.519.419	-
Total	2.219.893	-	2.519.419	-

4. a) Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	4.208	-	504	41
Swap transactions	3.438	7.566	-	304
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	7.646	7.566	504	345

The Parent Bank has not any derivative financial liabilities for hedging purposes (December 31, 2019: None).

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

5. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	7.257	-	6.291	-
1 to 5 years	78.970	1.100	81.724	1.199
Over 5 years	206.114	13.104	199.740	11.706
Total	292.341	14.204	287.755	12.905

6. Information on provisions:

a) Information on provisions for employee rights:

The Group's provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 91.218 (December 31, 2019: TL 86.118), vacation pay liability amounting to TL 14.316 (December 31, 2019: TL 13.270), totalling to TL 105.534 (December 31, 2019: TL 99.388). Provisions for performance premium has not been allocated in the current period (December 31, 2019: TL 750). The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	11,70	11,70
Estimated increase rate of salary ceiling (%)	8,90	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	9.701	20.565
Actuarial (gain)/loss	-	13.716
Paid during the period	(4.601)	(10.382)
Balance at the end of the period	91.218	86.118

b.) Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	12.301	11.047
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	-
Third stage expected loss provision for unindemnified letter of guarantees	4.095	3.686
Third stage expected loss provision for cheques commitments	4.088	3.883
Provision for promotions related with credit cards and promotion of banking services	221	224
Provisions for cases on trial	18.231	15.655
Accrual for purchase and sale commitments	391	291
Other	785	772
Total	40.112	35.558

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

As of March 31, 2020, there are not any provisions for foreign exchange losses on foreign currency indexed loans and financial lease receivables (December 31, 2019: TL 901).

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

7. Information on taxes payable:

a) Explanations on current tax liability:

a.1) Explanations on tax provisions:

As of March 31, 2020, the Group's corporate tax payable is TL 5.721 (December 31, 2019: TL 5.586) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	5.721	5.586
Banking insurance transaction tax	12.282	14.130
Taxation on securities income	17.241	24.408
Value added tax payable	2.422	1.872
Taxation on real estate income	1.259	1.230
Foreign exchange transaction tax	2.445	2.274
Income tax deducted from wages	6.542	10.442
Other	1.135	1.967
Total	49.047	61.909

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	5.524	5.520
Social security premiums-employer	6.046	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	393	392
Unemployment insurance-employer	785	785
Other	-	-
Total	12.748	12.691

8. Liabilities for assets held for sale and discontinued operations:

None (December 31, 2019: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II	-	1.570.684	-	1.375.164
Subordinated loans	-	1.570.684	-	1.375.164
Subordinated debt instruments	-	-	-	-
Total	-	1.570.684	-	1.375.164

The Parent Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Ltd. amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,5%. The Parent Bank has repurchased the sukuk issued in the amount of USD 18.671.000 and this amount is offset in Financial Assets Measured at Fair Value through Other Comprehensive Income and subordinated loans. The Parent Bank has realized unmatured additional Tier 1 Capital amount to USD 205.000.000 on February 20, 2018.

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

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

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.

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.

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.

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

11. Information on shareholders' equity (continued):

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 (*)	16.170	(22.999)	3.499	36.033
Foreign exchange difference	-	-	-	-
Total	16.170	(22.999)	3.499	36.033

(*) The amount represents the net balance after deferred tax calculation.

ğ) Information on other capital reserves:

The Parent Bank has evaluated its perpetual sukuk transaction as non-monetary item as per TAS 32 which is issued by "Bereket One Ltd" quoted at Ireland Stock Exchange amount to USD 205.000.000 (Historical cost is TL 775.720) and compatible with Basel III criteria. In addition to this evaluation, considering BRSA's approval to add it to additional Tier 1 capital dated February 20, 2018, the Parent Bank recognized it in shareholders' equity under "other capital reserves" on historical cost. The settlement date of the sukuk transaction is February 20, 2023 and its yearly cost is 10% with every six-month payment. The Parent Bank has option to cancel the expense amounts. If the Parent Bank uses this option, it is not obligatory to pay the amount it has not paid in the following periods.

The coupon payment for the related transaction amounting to TL 175.004 (December 31, 2019: TL 112.284) has been recognized under prior years profit / loss.

h) Information on minority shares:

As of March 31, 2020, minority shares calculated for full-consolidated uncontrolled shares amount to TL 138.245 (December 31, 2019: TL 157.436).

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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	839.596	769.342
Payment commitments for cheques	676.163	631.606
Asset purchase and sale commitments	825.606	437.404
Loan granting commitments	299.361	262.517
Tax and funds liabilities arising from export commitments	11.197	10.381
Commitments for promotions related with credit cards and banking activities	355	335
Other irrevocable commitments	528	528
Total	2.652.806	2.112.113

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

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

	Current Period	Prior Period
Letters of guarantees	8.826.142	8.718.394
Bank loans	60.743	14.463
Letters of credit	1.661.698	1.329.920
Other guaranties and sureties	308.467	368.661
Total	10.857.050	10.431.438

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

	Current Period	Prior Period
Letters of guarantees	8.826.142	8.718.394
Long standing letters of guarantees	5.671.026	5.448.790
Temporary letters of guarantees	310.454	371.560
Advance letters of guarantees	377.401	362.686
Letters of guarantees given to customs	378.838	366.118
Letters of guarantees given for obtaining cash loans	2.088.423	2.169.240
Sureties and similar transactions	308.467	368.661
Total	9.134.609	9.087.055

c) Within the non-cash loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	2.088.423	2.169.240
With original maturity of 1 year or less	531.620	555.521
With original maturity of more than 1 year	1.556.803	1.613.719
Other non-cash loans	8.768.627	8.262.198
Total	10.857.050	10.431.438

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

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

2. Explanations on derivative transactions:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

3. Explanations on contingent assets and liabilities:

Not prepared in compliance with the Article 25 of the Communiqué “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

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
Profit share received from loans^(*)				
Short Term Loans	14.988	28.149	122.637	36.213
Medium and Long-Term Loans	348.422	188.486	414.157 ^(**)	131.921
Profit Share on Non-Performing Loans	128.984	5.094	45.978	587
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	492.394	221.729	582.772	168.721

^(*) Includes fees and commission income on cash loans.

^(**) Includes TL 71.389 calculated from fair value calculation of profit and loss sharing investments as valuation profit.

b) Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	864	-	7.743	10.318
Domestic Banks	76	274	54	566
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	940	274	7.797	10.884

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	8.180	4.431	194	421
Financial Assets Measured at Fair Value through Other Comprehensive Income	20.185	15.890	25.203	3.966
Financial Assets Measured at Amortised Cost	24.545	16.130	21.856	157
Total	52.910	36.451	47.253	4.544

ç) Information on profit share income received from associates and subsidiaries:

None (March 31, 2019: None).

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

2. Explanations on profit share expenses:

a) Distribution of profit share expense on funds collected based on maturity of funds collected:

Current Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	-	2	-	-	-	-	-	2	
Real persons' non-trading profit sharing accounts	62.261	117.793	5.200	-	909	11.585	337	198.085	
Public sector profit sharing accounts	1	2	-	-	-	-	-	3	
Commercial sector profit sharing accounts	6.304	33.505	1.915	-	1.135	1.435	6	44.300	
Other institutions profit sharing accounts	696	3.542	66	-	12	75	-	4.391	
Total	69.262	154.844	7.181	-	2.056	13.095	343	246.781	
FC									
Banks	420	1.538	1.161	-	3	-	-	3.122	
Real persons' non-trading profit sharing accounts	8.901	14.077	1.487	-	116	4.792	3	29.376	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	1.123	4.149	175	-	20	73	1	5.541	
Other institutions profit sharing accounts	203	686	51	-	-	-	-	940	
Precious metals deposits	191	653	17	-	9	41	-	911	
Total	10.838	21.103	2.891	-	148	4.906	4	39.890	
Grand total	80.100	175.947	10.072	-	2.204	18.001	347	286.671	
Prior Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	89	21	-	-	-	-	-	110	
Real persons' non-trading profit sharing accounts	82.565	138.324	5.001	-	998	18.932	410	246.230	
Public sector profit sharing accounts	2	21	-	-	-	-	-	23	
Commercial sector profit sharing accounts	7.543	53.224	10.895	-	1.323	3.982	1	76.968	
Other institutions profit sharing accounts	632	7.880	1.260	-	264	243	-	10.279	
Total	90.831	199.470	17.156	-	2.585	23.157	411	333.610	
FC									
Banks	15.820	28.282	2.056	-	178	5.010	2	51.348	
Real persons' non-trading profit sharing accounts	-	-	-	-	-	-	-	-	
Public sector profit sharing accounts	1.974	10.350	548	-	80	87	-	13.039	
Commercial sector profit sharing accounts	112	1.528	45	-	-	-	-	1.685	
Other institutions profit sharing accounts	54	631	33	-	30	84	-	832	
Precious metals deposits	1.857	4.026	412	-	-	-	-	6.295	
Total	19.817	44.817	3.094	-	288	5.181	2	73.199	
Grand total	110.648	244.287	20.250	-	2.873	28.338	413	406.809	

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b) Information on profit share expense paid to funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	13.631	2.346	20.999
CBRT	-	-	-	-
Domestic banks	-	1.677	-	2.189
Foreign banks	-	11.954	2.346	18.810
Head offices and branches abroad	-	-	-	-
Other institutions	2.778	40.719	1.976	33.882
Total	2.778	54.350	4.322	54.881

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	189	-	593	69
Total	189	-	593	69

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	61.166	-	90.513	24.211
Total	61.166	-	90.513	24.211

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	14.420	19.209
Clearing room fees and commissions	9.246	14.101
Commissions on money orders	6.834	3.737
Appraisal fees	4.970	2.041
Insurance and brokerage commissions	6.012	4.565
Checks and bills commissions	919	853
Safe deposit box commissions	595	503
Advocacy service commissions	-	867
Service pack commissions	2.445	4.712
Enquiry fees received	598	633
Fees and commissions from correspondent banks	746	485
Export credit commissions	1.677	582
Prepaid import commissions	3.845	2.334
Pledge Put and Mortgage Release Fees	1.235	392
Other	12.756	8.700
Total	66.298	63.714

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	1.796	6.489
Credit cards fees and commissions	5.334	4.648
Member firm-POS fees and commissions	7.505	6.865
Fees and commissions for Swift, EFT and money orders	4.988	4.371
Required Reserves Commissions for CBRT in Foreign currency	14.564	-
Other	2.722	2.303
Total	36.909	24.676

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

4. Information on dividend income:

None (March 31, 2019: None)

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

	Current Period	Prior Period
Income	3.511.128	1.905.171
Income from capital market transactions	10.032	5.112
Income from derivative financial instruments	72.851	57.843
Foreign exchange income	3.428.245	1.842.216
Loss (-)	3.493.641	1.868.801
Loss on capital market transactions	10.847	829
Loss on derivative financial instruments	64.254	63.983
Foreign exchange losses	3.418.540	1.803.989
Trading Income/Loss (net)	17.487	36.370

6. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	90.202	284.895
Income from sale of assets	9.299	2.724
Communication income	3.757	2.239
Reversal of vacation pay expenses provision	-	-
Cheque book charges	557	411
Operating Lease Income	154	-
Real estate revaluation income ^(*)	13.523	10.243
Real estate rental income ^(*)	5.173	4.950
Real estate sales income ^(*)	181	3.555
Other income	2.916	7.338
Total	125.762	316.355

^(*) Represents the income from real estates' portfolio under real estate investment funds.

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

7. Informations on Expected Credit Losses:

	Current Period	Prior Period
Expected Credit Loss	221.812	264.715
12 month expected credit loss (stage 1)	24.879	57.914
Significant increase in credit risk (stage 2)	7.809	30.599
Non-performing loans (stage 3)	189.124	176.202
Marketable Securities Impairment Expense	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other (*)	17.499	56.642
Total	239.311	321.357

Expected credit losses amount to TL 239.311 (March 31, 2019: TL 321.357) includes TL 86.854 (March 31, 2019: TL 141.370) 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	1.306	3.743
Third stage expected loss provision for unindemnified non- cash loans	616	953
Expected credit losses (stage 1) for banks	15.516	7.544
Profit and loss sharing investments' fair value provision	-	44.402
Expected credit losses (stage 1) for other financial assets	61	-
Provision for expected losses for securities measured at amortized cost	-	-
Total	17.499	56.642

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

8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	5.100	4.504
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	25.998	24.115
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	4.760	4.179
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	-	-
Other business expenses	41.358	34.388
Leasing Expenses on TFRS 16 Exceptions	808	1.116
Maintenance and repair expenses	7.075	3.636
Advertisement expenses	1.562	3.009
Other expenses ^(*)	31.913	26.627
Loss on sale of assets	1.114	94
Other ^(**)	63.875	48.599
Total	142.205	115.879

^(*) Other expenses under "other business expenses" are provided as below:

	Current Period	Prior Period
Communication Expenses	7.496	5.575
Donations	3.496	2.987
Cleaning expenses	5.587	4.690
Heating, lighting and water expenses	4.593	3.567
Representation and Hosting expenses	1.784	1.817
Vehicle expenses	1.610	1.557
Lawsuit and court expenses	709	371
Movables Insurance Expenses	1.196	953
Stationery Expenses	914	841
Expense Share for Common Expenses	713	640
Group transportation costs	2.027	1.479
Other	1.788	2.150
Total	31.913	26.627

^(**) Details of "other" balance are provided as below:

	Current Period	Prior Period
Saving Deposit Insurance Fund	24.900	13.964
Taxes, Duties, Charges and Funds	14.598	11.686
Expertise and Information Expenses	6.074	1.889
Audit and Consultancy Fees	2.070	5.748
Institution and Union Participation Share Expense	3.600	4.000
Residence Expenses ^(*)	3.356	1.893
Shopping Mall expenses ^(*)	3.820	3.868
Other	5.457	5.551
Total	63.875	48.599

^(*) Represents the expenses from real estates' portfolio under real estate investment funds.

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

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

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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 March 31, 2020, the Parent Bank has deferred tax income of TL 50.075 (March 31, 2019: TL 83.790) and deferred tax expense of TL 53.063 (March 31, 2019: TL 91.095). The current tax provision is TL 1.029 (March 31, 2019: TL 876).

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

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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	822	3.998

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

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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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 ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	3	5	632.926	27.308	27	-
Balance at the end of the period	8	5	767.496	24.450	23	-
Profit share and commission income received	-	-	9.471	66	-	-

b) Prior period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	1	5	173.457	32.410	19	-
Balance at end of period	3	5	632.926	27.308	27	-
Profit share and commission income received	-	-	417	40	-	-

^(*) Defined under Banking Law numbered 5411 in article 49 and "Communiqué Related to Credit Operations of Banks" in article 4 published on November 1, 2006.

c.1) Information on current and profit sharing accounts of the Parent Bank's risk group:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect Shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	13.955	19.653	831.442	604.631	11.073	7.106
Balance at the end of period	3.299	13.955	532.967	831.442	14.791	11.073
Profit share expense	161	764	2.275	2.123	96	96

^(*) As of March 31, 2020 wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 43.951.895 and EUR 131.623.390 (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, 2019 – March 31, 2020 is TL 1.675 (March 31, 2019: TL 3.608). The Parent Bank has issued Sukuk in the amounts of TL 2.380.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Parent Bank. The total expenses for the related issues are TL 61.166 as of March 31, 2020 (March 31, 2019: TL 114.724).

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.

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VII. Explanations related to the risk group of the Parent Bank (continued):

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 March 31, 2020, the Group has paid TL 5.095 (March 31, 2019: TL 4.532) to top management.

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

Not prepared in compliance with the Article 25 of the Communiqué "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

IX. Explanations related to subsequent events:

In accordance with the BRSA Decision No. 9000 dated April 18, 2020, in order to minimize the negative impact of the process we experienced due to the Covid-19 outbreak on our economy, market, production and employment, and to ensure the most efficient use of the resources available to banks; According to BRSA's article dated April 18, 2020, and the second paragraph of Article 43 and 93 of the Banking Law (Law) No. 5411, except for the Development and Investment Banks and banks in Saving Deposit Insurance Fund, starting in May 1, 2020, it has been decided that the Banks shall calculate Asset Ratio (AR) on a weekly basis, and as of the end of each month, the monthly average of the Asset Ratio should not fall below 100% for deposit banks and below 80% for participation banks (As of March 31, 2020, except for bank deposits, it has been granted an additional period until December 31, 2020, for the banks which have less than 5 million TL deposits). In accordance with subparagraph (a) of the first paragraph of Article 148 of the Law, as of the end of the relevant month, it was decided to calculate the excess amount that constitutes a contradiction to be taken as the amount of change in the share that will bring the ratio to 100% and 80%, respectively, for banks with an active ratio below 100% and participation banks below 80%. This regulation is valid as of May 1, 2020. The Parent Bank's senior management follows closely the impact of the related regulation on its financial statements.

In the meeting of board of directors of Bereket Varlık Kiralama A.Ş. dated May 4, 2020, it has been decided that the capital of the company is reduced from TL 400 to TL 50 and clause 9 in its articles of association is modified.

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.

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SECTION SIX

Limited review report

I. Explanations on limited review report:

The Group's consolidated financial statements as of and for the period ended March 31, 2020 have been reviewed by "Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." (the member of the Ernst & Young Global Ltd.) and the audit report dated May 22, 2020 is presented at the beginning of the financial statements and related notes.

II. Other notes and explanations prepared by the independent auditors:

None.

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SECTION SEVEN

Information on Interim Report

a. General Information

1. Summary Information about Albaraka Türk Katılım Bankası A.Ş.:

Albaraka Türk Participation Bank, the first and the leading financial institution in interest free banking field in Turkey, has completed its establishment in 1984 and entered into service as of the beginning of the year of 1985. Albaraka Türk is continuing its activities subject to the Banking Law No. 5411. In the partnership structure of Albaraka Banking Group (ABG), one of the leading groups of Middle East, Islamic Development Bank (IDB) and Albaraka Türk, established under the leadership of a domestic industrial group serving to Turkish economy for more than a half century, share of the foreign partners is 62,24%, share of the domestic partners is 6,14% and publicly held share is 31,62%. Partnership structure of Albaraka Türk is the guarantee of the respect and trust we bear.

Albaraka Türk, collecting funds through current accounts and participation accounts and gaining the funds it contributes to the economy of the country by products as individual financing, corporate finance, financial leasing and profit-loss partnership on the basis of a project, is entitled to offer a variety of finance and banking services by interest free banking application.

Albaraka Türk has always aimed to achieve sustainable growth with the strategy of "adding value to your values" for all its stakeholders with its "reliable", "understandable", "responsible" and "transparent" approach to all its customers, including individual, corporate and SME segments in order to offer services and improve customer experience in all-inclusive participation banking system. With its competent and dynamic human resources and interest-free banking infrastructure, Albaraka Türk is a leader in its products and services without compromising on its quality and value.

Albaraka Türk, started with the vision of being the best regional bank in offering financial products and services in Gulf, Middle East and North Africa geographies where its main partner ABG is carrying out business, is rendering fast, qualified and safe foreign trade (import, export and foreign exchange) services to its customers in 80 countries from Singapore to England, South Africa to Morocco, Australia to Kazakhstan, by the wide correspondent net it has established with 1000 banks. Albaraka Türk, is an international Participation Bank adopted the mission of adding value to its customers, partners, employees and Turkey.

2. Capital and Shareholders' Structure:

Albaraka Türk's paid-up capital is TL 1.350.000 as of March 31, 2020.

Shareholders' Structure of Albaraka Türk as of March 31, 2020		
	Share amount (TL)	Ratio (%)
Foreign Shareholders	840.263	62,24
Albaraka Banking Group	489.961	36,29
Islamic Development Bank	207.585	15,38
Alharthy Family	105.861	7,84
Others	36.856	2,73
Local Shareholders	82.924	6,14
Publicly Listed	426.813	31,62
Total	1.350.000	100,00

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Information on Interim Report (continued):

3. The amendments in the articles of association during period of January 1, 2020 - March 31, 2020

The Articles of Association Amendment Text has been approved by the Capital Markets Board regarding the increase of the paid-in capital of our Bank from 900.000.000 TL to 1.350.000.000 TL by increasing 50% by paying all of it in cash(rights issue). The old and new text of the related Articles of Association are presented below.

OLD TEXT	NEX TEXT
<p>Bank's Capital Article 7:</p> <p>(1) The Bank has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and switched to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259.</p> <p>(2) The upper limit of the registered capital of the Bank is TL 2.500.000.000 TL (two billion and five hundred million Turkish Liras), divided into 2.500.000.000 registered nominative shares with a value of TL 1 (One) Turkish Lira each.</p> <p>(3) The permission given by the Capital Markets Board in relation to the upper limit of the registered capital shall be in effect for a 5-year period between 2017-2021. Even if the upper limit of the registered capital is not reached until the end of 2021, in order to make a decision by the Board of Directors to increase the share capital after 2021, it is obligatory to obtain authorization for a new time period not to exceed 5 (five) years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system.</p> <p>(4) The Bank's issued share capital is 900.000.000 TL, and this amount has been fully paid in cash being free of collusion.</p> <p>(5) The shares representing the Bank's Capital shall be traced on the basis of the records within the framework of the principles of dematerialization (registration).</p>	<p>Bank's Capital Article 7:</p> <p>(1) The Bank has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and switched to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259.</p> <p>(2) The upper limit of the registered capital of the Bank is TL 2.500.000.000 TL (two billion and five hundred million Turkish Liras), divided into 2.500.000.000 registered nominative shares with a value of TL 1 (One) Turkish Lira each.</p> <p>(3) The permission given by the Capital Markets Board in relation to the upper limit of the registered capital shall be in effect for a 5-year period between 2017-2021. Even if the upper limit of the registered capital is not reached until the end of 2021, in order to make a decision by the Board of Directors to increase the share capital after 2021, it is obligatory to obtain authorization for a new time period not to exceed 5 (five) years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system.</p> <p>(4) The Bank's issued share capital is 1.350.000.000 TL, and this amount has been fully paid in cash being free of collusion.</p> <p>(5) The shares representing the Bank's Capital shall be traced on the basis of the records within the framework of the principles of dematerialization (registration).</p>

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Information on Interim Report (continued):

4. Branch and Personnel Information:

As of March 31, 2020, total number of branches of the Bank is 230 and the total number of personnel is 3.717. Albaraka Türk carries out its activities with 228 domestic branches extended throughout the country and 2 branch abroad in Erbil and Baghdad.

5. Board of Directors Chairman and Members (*):

Name and surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	2005	47
Süleyman KALKAN	Independent Member of BOD	Bachelor	2018	37
İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	2005	49
Ghassan AMODI	Independent Member of BOD	Bachelor	2020	26
Mustafa BÜYÜKABACI	Member of BOD	Master	2017	28
Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	2020	10
Prof.Dr.Kemal VAROL	Member of BOD	Doctorate	2013	11
Mehmet Ali GÖKCE	Independent Member of BOD	Master	2020	34
Housseem BEN HAJ AMOR	Member of BOD	Bachelor	2020	21
Tawfig MUFTI	Member of BOD	Bachelor	2020	27

(*) Mr. Wasim Ahmet Abdul Wahab, who joined the Board of Directors of our Bank in 2019, resigned from his post as a board member on January 22, 2020.

6. Top Management:

Name and Surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Melikşah UTKU	Member of BOD and CEO	Master	2016	16
Turgut SİMİTÇİOĞLU	Senior Assistant General Manager	Master	2017	30
Süleyman ÇELİK	Assistant General Manager	Bachelor	2017	31
Fatih BOZ	Assistant General Manager	Master	2017	22
Hasan ALTUNDAĞ	Assistant General Manager	Bachelor	2017	33
Malek Khodr TEMSAH	Assistant General Manager	Master	2017	17
Mustafa ÇETİN	Assistant General Manager	Bachelor	2018	23
Volkan EVCİL	Assistant General Manager	Bachelor	2017	30

(*) Mr.Nevzat Bayraktar, Assistant General Manager, has resigned from his position as of 14.02.2020.

7. Managers of Departments within Internal Systems:

Name and Surname	Professional Experience (Years)	Duration of Services at Albaraka Türk (Years)	Length of Services in His Area (Years)	Education	Field of Responsibility
Ahmet UYSAL	16	15	13	Master	Inspection
Umut ÇAKMAK	16	15	16	Bachelor	Risk Management
Ahmet Faruk DEĞİRMENÇİ	13	13	13	Bachelor	Internal Control Regulation and Compliance
Ahmet KOÇ	24	24	10	Bachelor	

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Information on Interim Report (continued):

8. Committee Information After Distribution of Roles Among BOD:

AUDIT COMMITTEE

Chairman: Mustafa BÜYÜKABACI
Member: Mehmet Ali GÖKCE
Member: Mohamed Ali CHATTI

CREDIT COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Member: Süleyman KALKAN
Member: Prof. Dr. Kemal VAROL
Member: Melikşah UTKU
Reserve Member: Mohamed Ali CHATTI

CORPORATE GOVERNANCE COMMITTEE:

Chairman: Süleyman KALKAN
Member: Ibrahim Fayez Humaid ALSHAMSI
Member: Mansur ÇELEPKOLU

REMUNERATION COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Member: Mustafa BÜYÜKABACI
Member: Melikşah UTKU

SUSTAINABILITY AND SOCIAL RESPONSIBILITY COMMITTEE:

Chairman: Mehmet Ali GÖKCE
Member: Ibrahim Fayez Humaid ALSHAMSI

EXECUTIVE COMMITTEE:

Chairman: Adnan Ahmed Yusuf ABDULMALEK
Vice Chairman: Süleyman KALKAN
Member: Mustafa BÜYÜKABACI
Member: Mehmet Ali GÖKCE
Member: Kemal VAROL
Member: Melikşah UTKU

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Information on Interim Report (continued):

II. Banks Financial Information and Evaluations:

1. Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	6.630.821	8.795.909
Banks	3.699.505	4.194.547
Financial Assets- Available For Sale (Net)	6.937.145	4.433.230
Loans and Receivables	34.944.890	30.637.193
Financial Leasing Receivables	258.769	243.678
Others	3.178.372	3.171.411
TOTAL ASSETS	55.649.502	51.475.968
LIABILITIES	Current Period	Prior Period
Funds Collected	43.258.073	39.739.200
Funds Borrowed	2.532.054	1.791.598
Securities Issued	2.219.893	2.519.419
Subordinated Loans	1.570.684	1.375.164
Shareholders' Equity	3.961.193	4.031.266
Others	2.107.605	2.019.321
TOTAL LIABILITIES	55.649.502	51.475.968
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	809.287	835.399
Profit Share Expense	429.744	628.127
Net Profit Share Income/Expenses	379.543	207.272
Net Fees and Commissions Income/Expenses	60.971	69.921
Trading Income/Loss (Net)	17.487	36.370
Other Operating Income	125.762	316.355
Net Operating Income/ (Losses)	17.819	22.636
Tax Provision For Discontinued Operations (-+)	4.017	8.181
NET PROFIT/LOSSES	18.346	17.725
Earnings Per Share (Full TL)	0,01	0,015

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Information on Interim Report (continued):

2. Message from the Chairman of the Board of Directors:

Dear Precious Stakeholders,

The effects of the Covid-19 pandemic, which was effective worldwide in the first quarter of 2020, are remarkable. The unexpected rapid spread of the outbreak around the world has forced countries to take drastic measures to prevent this spread. These measures brought economic activities to a halt. Therefore, the world is facing a deep crisis that it has never faced before. Accordingly, leading global economic institutions are pulling down their growth forecasts for the year-end. The International Monetary Fund (IMF) expected the global economy to grow by 3.3% for 2020 before the outbreak, however after the pandemic, it predicts that global economy will shrink by 3% in 2020. As a matter of fact, the US economy contracted by 4.8% in the first quarter of 2020 due to the pandemic.

The rate of spread of coronavirus pandemic, virus vaccine and treatment studies will be effective for the global economy in the coming period. The virus, which first appeared in China, has largely lost its speed and effect in China. As a result, life and economic activities began to normalize in China. In Europe, the spread rate of the virus has lost its momentum in many countries. In the USA, although the spread of the virus continues, it is expected to lose its effect towards the end of May. It is expected that the economies of the country will gradually open with the decrease of the spread of the pandemic. However, this recovery in economies is expected to be a gradual recovery rather than a rapid one. In the recovery process, it is expected that companies will regain their supply chains and it will take time to restore their old order in production conditions. World trade volume, which has decreased significantly due to the outbreak, will take some time to reach the old levels after the pandemic.

In Turkey, a number of practices have been implemented to prevent the spread of the pandemic within the scope of combating the Covid-19 outbreak, similar to abroad. Although the corona virus came later to Turkey, especially in the reel sector the effects of coronavirus have been deeply felt from the first moment. The real sector and the service sector have been deeply affected by companies' tendency to work from home and some measures taken by the government. In addition to the supply-side contraction due to the pandemic, the demand-side contraction due to quarantine is also noticeable.

Steps taken by public institutions and the government to reduce the negative effects of the Covid-19 outbreak have been welcomed. The government implemented expansionary fiscal policies with incentive packages and supported the household and the real sector. The Central Bank of the Republic of Turkey has continued its expansionary monetary policy and aims to keep alive shrinking domestic demand. The Banks Regulation and Supervision Agency has opened up room for banks with regulations. Banks, on the other hand, supported the real sector by shifting the installments of their customers who are in a difficult situation.

Turkish economy is expected to open gradually again at the end of May. The growth in the first quarter of 2020 will be high with the contribution of the base effect so Turkey is expected to decompose positively compared to the emerging economies. However, we will face a serious contraction in the second quarter of 2020, where the effect of the virus will be felt deeply. Depending on the course of May and June, the contraction in the second quarter may reach 2-3 times the growth of the first quarter. Therefore, we can close the year 2020 with positive growth only if the virus effect disappears rapidly. While the growth figures in the world indicate a deeper crisis than the 2008-2009 financial crisis, our country is also affected by these environments and developments. However, after the virus, for countries like Turkey which have more variety of sectors and a high percentage of young population, an important opportunity and areas may occur if the correct steps and areas are taken.

As it has been to this day, as Albaraka Türk with interest-free banking principles we will continue to support our customers and to contribute to Turkey's economy. Humanitarian efforts should be focused on investing in people and focusing on services and sectors aimed at human welfare, particularly in education, health, poverty reduction and job creation. Financial resources and technological progress should be devoted to accelerate the realization of these goals. As Albaraka Türk, this is exactly what we work on in all our plans and programs within the framework of our sustainability and social responsibility principles. As Albaraka Türk, we will continue to work more, produce more and be on the air of our customers in this environment. We have seen many crises in Turkey for more than 40 years as the first participation bank, we get a different experience from every crisis and we got stronger. As in previous crises, we will get out of this crisis stronger.

I wish that all humanity will get rid of the virus pandemic as soon as possible. Our country will overcome this situation with the support of public, private sector and banks. As Albaraka Türk, we will continue to support our country, our real sector and our nation in this process. I would like to thank my colleagues, customers, shareholders and stakeholders for their contribution and support in this process.

Respectfully Yours,

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

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Information on Interim Report (continued):

3. Message from the CEO

Dear Precious Stakeholders,

First of all, I wish Allah's mercy upon those who lost their lives because of the pandemic affecting the world and our country, and extend my condolences to their relatives, and I hope our citizens whose treatments continue get well soon. We have taken the necessary precautions to protect the health of our employees, customers and all other stakeholders since the first days of the pandemic spread in our country. We have taken the necessary precautions to protect the health of our employees, customers and all other stakeholders since the first days of the pandemic spread in our country. As Albaraka Türk, we are aware of our responsibility in this difficult process. Thanks to our technological infrastructure, we continued to provide uninterrupted service by ensuring that our headquarters and branch staff continue their work from their homes to meet all the needs of our customers. As it has been to this day, we are committed to continue our contribution to Turkey's economy and the real sector, despite all the difficulties,

According to our financial results for the first quarter, total assets of our Bank is actualized as 55.649.502 TL. Our total loan portfolio has reached to 35.203.659 TL in the same period. Funds collected through profit and loss sharing accounts and private current accounts have increased by 8,85 % compared to the previous term and realized as 43.258.073 TL. Approximately 62,93% of these funds are comprised of foreign currency type funds. Net profit of our Bank as of March 31, 2020, is actualized as 18.346 TL.

Albaraka Turk, growing its customer mass each passing day with its experience and service quality, is maintaining its support of development of Turkey with its entrepreneurship projects. Breaking new grounds of Participation Banking, Albaraka Turk is taking firm steps towards being the leader of not only participation banking sector but also the whole finance sector in innovation and entrepreneurship.

As a requisite of "Being the Best Participation Bank of the World" vision, we're maintaining our studies for the goal of offering all physical branch services end to end also in digital medium by achieving developments in rapidly changing and renewing finance world and making investment in future banking, and supporting entrepreneurs having finance technology-based business ideas and projects by offering incubation and acceleration opportunities with Albaraka Garaj, a first in terms of participation banks.

Interaction of in-house innovation and entrepreneurship spirit with executives is increased and customer oriented innovative solutions are started to be generated also with "Discover" program supporting in-house entrepreneurship along with Albaraka Fintech Venture Capital Fund and Albaraka Garaj. The importance of digital products and services that emerged as a result of these efforts once again emerged in the pandemic process.

As Albaraka Türk, we continue to expand our investor base while successfully facilitating our access to fund resources by successfully implementing investment banking practices despite all the negativities in the markets. In line with our strategic plans, we reach a wide range of investors through investment banking practices.

As Albaraka Turk, while putting new investment banking practices into effect successfully, we also continue to extend investor base despite all the negativities in the markets. We're reaching various investor mass with investment banking practices in compliance with our strategic plans. Domestic Lease certificate issues for qualified investors and public offering lease certificates have continued also in 2020 and we have performed 1.550.000 TL Leasing Certificate (Sukuk) issuance in the first quarter with a demand beyond our expectations.

Our Bank, being the first participation bank of Turkey and maintaining its goal of being the best participation bank of the World, continues to benefit the society beyond social responsibility. Our bank, which has been entitled to be included in the BIST Sustainability Index in 2019 with our efforts in areas such as environment, human rights, and occupational health, continues its activities by increasing its sensitivity in these areas.

These awards received has been an indicator for justifying reputation of our Bank selected as "The Best Participation Bank of Turkey" in global markets and our various innovative investments pioneering participation banking in Turkey. This also indicates that investments and projects we perform has gotten positive returns from our customers.

With the projects and progresses we have performed in accordance with the goal of "Being the Best Participation Bank of the World" we are continuing to show efforts to offer the best banking experience to our customers. As Albaraka Turk, with all our activities we have developed and increased in every field, we'll continue our studies meticulously and devotedly for 15 percent market share which participation banking has aimed to achieve in 2023 in our country.

I would like to express my warmest thanks to all our stakeholders who have not begrudged their contribution and supports in our efforts awarded with trust and support of our Customers.

Respectfully Yours,

Melikşah UTKU
Board Member and CEO

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Information on Interim Report (continued):

4. Activities in the First Quarter of 2020:

- In the first quarter of 2020, our total assets have actualized as TL 55.649.502.
- In the first quarter of 2020, the consolidated funds our Bank has collected through "Special Current Accounts" and "Participation to Profit and Loss Accounts" has been TL 43.258.073 as of March 31, 2020. Approximately 63% of these funds are constituted of foreign currency funds.
- Participation accounts in the first quarter of 2020 has been TL 28.050.893. Our Bank's Fund Collecting Activities are carried out through our branches, our bank's branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
TL Funds	16.036.020	2.444.888	14.672.926	2.475.190	9,29	(1,22)
Current Accounts	4.384.485	668.469	4.198.929	708.321	4,42	(5,63)
Participation Accounts	11.651.535	1.776.419	10.473.997	1.766.869	11,24	0,54
FC Funds	27.222.053	4.150.336	25.066.274	4.228.453	8,60	(1,85)
Current Accounts	10.822.695	1.650.053	9.696.065	1.635.638	11,62	0,88
Participation Accounts	16.399.358	2.500.283	15.370.209	2.592.815	6,70	(3,57)
TOTAL	43.258.073	6.595.224	39.739.200	6.703.643	8,85	(1,62)

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits (*)	32.842.044	5.007.172	28.659.148	4.834.539	14,60	3,57
Non-performing Loans	2.361.615	360.057	2.221.723	374.785	6,30	(3,93)
Provisions	(1.111.960)	(169.532)	(946.631)	(159.688)	17,46	6,16
TOTAL	34.091.699	5.197.698	29.934.240	5.049.636	13,89	2,93

(*) Financial Leasing Receivables included.

The currency used in the preparation of the tables are as follows;

Balance Sheet Period	USD/TL
As of March 31, 2020	6,559
As of December 31, 2019	5,928

5. Evaluation on Financial Status, Profitability and Solvency:

- Our operating, income has been TL 583.763.
- Our net profit share income has been TL 379.543, increasing by 83,11 %, and, net fees and commission revenues have been TL 60.971.
- Our net profit has been TL 18.346 for the first 3 months of the year.
- As of March 31, 2020, our capital adequacy ratio is actualized as 15,17 %, over the minimum ratio.

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Information on Interim Report (continued):

6. Announcements regarding important developments during January 1, 2020 - March 31, 2020 period:

- In the material event disclosure dated on 30.10.2019, it was announced that with the decision taken at the board of directors meeting on October 30, 2019, the General Directorate has been authorized in order to issue additional core capital lease certificates (sukuk) outside of Turkey. The sukuk is up to \$ 50 million or equivalent of other currencies (up to \$ 100M or equivalent with a new board decision) and can be sold to qualified investors and/or by private placement method or both method together. The type, maturity and return of the sukuk will be determined according to the market conditions at the date of issue. Within the scope of the relevant studies and processes, applications were submitted for the opinions and approvals of the Banking Regulation and Supervision Agency.
- Mr. Wasim Ahmet Abdul Wahab, who joined the Board of Directors of our Bank in 2019, resigned from his post as a board member.
- The Articles of Association Amendment Text has been approved by the Capital Markets Board regarding the increase of the paid-in capital of our Bank from 900.000.000 TL to 1.350.000.000 TL by increasing 50% by paying all of it in cash (rights issue).
- Mr.Nevzat Bayraktar, Assistant General Manager, has resigned from his position as of 14.02.2020.
- Capital Markets Board has approved the increase of the paid-in capital of our Bank from 900.000.000 TL to 1.350.000.000 TL by increasing 50% by paying all of it in cash(rights issue), and other necessary procedures have been completed. The new form of article 7 titled Bank's Capital of article of associations was registered by Trade Registry Office on 19.02.2020 and was announced on Turkey Trade Registry Gazette numbered 10023 on 25 February 2020.
- The credit rating service agreement between JCR Avrasya Rating A.Ş. (JCR Eurasia Rating) and our Company has been terminated mutually upon the request of our Bank. In addition we will receive a national credit rating service from the National Investor Services Rating company.
- The Corporate Governance Compliance Rating service contract between JCR Avrasya Rating A.Ş. (JCR Eurasia Rating) and our Company has been mutually terminated at the request of our bank. In addition, the Bank has signed an agreement with the National Investor Services Rating Corporation. The period of new contract is one year and will be valid between 03.03.2020 - 03.03.2021. The validity of the grading note taken based on the previous contract will expire on 11/07/2020. Announcement of the corporate governance compliance rating grade to be obtained under the new Agreement will be made on 25.06.2020 at the latest.

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Information on Interim Report (continued):

- As announced in Public Disclosure Platform on February 19, 2020, our Bank's Ordinary General Meeting of Shareholders of was held on March 26, 2020 with the following agenda:

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

You may find Information Document, Profit Distribution Table, Minutes and Resolutions regarding Ordinary General Meeting of Shareholders held on March 26, 2020 from Albaraka Türk website Investor Relations section from following link:

<https://www.albaraka.com.tr/en/general-assembly-information-document.aspx>

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Information on Interim Report (continued):

- In the General Assembly Meeting held on 26.03.2020, it was decided to determine the number of members of the board of directors as 11, including the General Manager, who is the natural member of the board of directors and the term of the elected board members as 3 years. Apart from the General Manager, who is the natural member of the board of directors, 10 members of the board of directors, Mr. Adnan Ahmed Yusuf Abdulmalek, Mr. Mustafa Büyükbacı, Mr. İbrahim Fayez Humaid Alshamsi, Mr. Kemal Varol, Mr. Süleyman Kalkan, Mr. Mohamed Ali Chatti, Mr. Mehmet Ali Gökce, Mr. Houssein Ben Haj Amor, Mr. Tawfig Shaker M. Mutfi, Mr. Ghassan Ahmed M. Amodi were appointed as board member. From these Members; Mr. Süleyman Kalkan, Mr. Mohamed Ali Chatti, Mr. Mehmet Ali Gökce and Mr. Ghassan Ahmed M. Amodi were appointed as independent board members.
- At the General Assembly Meeting held on 26.03.2020, Güney Bağımsız Denetim ve SMMM A.Ş. was selected as an independent audit firm/auditor.
- The issues that took place during the period January 1, 2020 - March 31, 2020 were announced to the public and uploaded to the Public Disclosure Platform as notifications. All of these announcements are shared in the Investor Relations section of the Albaraka Türk website.

<https://www.albaraka.com.tr/ozel-durum-aciklamalari.aspx>