

# **Albaraka Türk Katılım Bankası Anonim Şirketi**

**Unconsolidated financial statements  
and related disclosures at September 30, 2021  
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)*



**Building a better  
working world**

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**Convenience translation of the auditor's report originally issued in Turkish  
(See Note I.b of Section three)**

## **REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION**

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

### **Introduction**

We have reviewed the unconsolidated statement of financial position of Albaraka Türk Katılım Bankası A.Ş. ("the Bank") at September 30, 2021 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of this unconsolidated of 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 Legislation) 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 this unconsolidated interim financial information based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of Albaraka Türk Katılım Bankası A.Ş. at September 30, 2021, and the results of its operations and its unconsolidated cash flows for the nine-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 unconsolidated 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 unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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



Emre Celik, SNMM  
Partner

November 5, 2021  
İstanbul, Turkey

**UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**AS OF AND FOR THE NINE-MONTH ENDED SEPTEMBER 30, 2021**

Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6  
34768 Ümraniye/İstanbul  
Bank's phone number and facsimile : 00 90 216 666 01 01 – 00 90 216 666 16 00  
Bank's website : www.albaraka.com.tr  
Electronic mail contact info : albarakaturk@albarakaturk.com.tr

The unconsolidated 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM REPORT

The unconsolidated financial statements and related disclosures and footnotes; presented in **thousands of Turkish Lira** unless otherwise indicated; have been prepared in accordance with the Communiqué on Accounting Applications of Banks and Safeguarding of Documents, Banking Regulation and Supervision Agency Regulations, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related appendices and interpretations and in compliance with the records of our Bank, have been reviewed and presented as attached.

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**Mazin Khairy Shaker MANNA**

Chairman of the Board of  
Directors

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**Malek Khodr TEMSAH**

Deputy General  
Manager

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**Mustafa ÇETİN**

Assistant General  
Manager

---

**Kemaleddin  
DİLBAZ**

Financial Reporting  
Manager

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**Mustafa BÜYÜKABACI**

Chairman of the Audit  
Committee

---

**Mehmet Ali GÖKCE**

Member of the Audit  
Committee

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**Housseem BEN HAJ AMOR**

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 UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2021**

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

**SECTION ONE**

**GENERAL INFORMATION**

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

Albaraka Türk Katılım Bankası Anonim Şirketi (the Bank) was incorporated on November 5, 1984 with the name of Albaraka Türk Özel Finans Kurumu A.Ş., based on the decision of the Council of Ministers numbered 83/7506 and dated December 16, 1983 regarding establishments of Special Finance Houses and obtained the operating permission from the Central Bank of Turkey with the letter numbered 10912 and dated January 21, 1985.

Special Finance Houses, operating in accordance with the Communiqués of Under Secretariat of Treasury and the Central Bank of Turkey based on the decision of Council of Ministers numbered 83/7506, have been subjected to the provisions of the Banking Law numbered 4389 with the change of law dated December 17, 1999 and numbered 4491. Special Finance Houses have been subjected to the provisions of "Communiqué Related to the Incorporation and Activities of Special Finance Houses" published in the Official Gazette dated September 20, 2001 numbered 24529 by the Banking Regulation and Supervision Agency (BRSA). 'Communiqué Related to the Incorporation and Activities of Special Finance Houses' has been superseded by the 'Communiqué Related to Credit Operations of Banks' published in the Official Gazette dated November 1, 2006 numbered 26333 and the Bank operates in accordance with the Banking Law numbered 5411 published in the Official Gazette dated November 1, 2005 numbered 25983.

The decision regarding the change in the title of the Bank, in relation with the provisions of the Banking Law numbered 5411, was agreed in the Extraordinary General Meeting dated December 21, 2005 and the title of the Bank was changed as "Albaraka Türk Katılım Bankası A.Ş.". The change in the title was registered in Istanbul Trade Registry on December 22, 2005 and published in the Trade Registry Gazette dated December 27, 2005, numbered 6461.

The Bank's head office is located in İstanbul and is operating through 228 (December 31, 2020: 228) local branches and 2 (December 31, 2020: 2) foreign branches and with 3.232 (December 31, 2020: 3.390) staff as of September 30, 2021.

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

As of September 30, 2021, 36,29% (December 31, 2020: 36,29%) of the Bank's shares are owned by Albaraka Banking Group, 15,38% (December 31, 2020: 15,38%) owned by Dallah Albaraka Group, 7,84% (December 31, 2020: 7,84%) owned by Islamic Development Bank, 36,92% (December 31, 2020: 36,81%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

**III. Explanation on the chairman and members of board of directors, members of audit committee, general manager and assistant general managers, their areas of responsibility and their shares in the Bank, if any:**

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
<b>Chairman of the Board of Directors (BOD):</b>	Mazin Khairy Shaker MANNA	Chairman of BOD	Bachelor	-
<b>Members of BOD:</b>	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	-
	Mehmet Ali GÖKCE	Independent Member of BOD	Master	-
	Housseem BEN HAJ AMOR	Member of BOD	Bachelor	-
	Melikşah UTKU (*)	Member of BOD	Master	-
	Ghassan Ahmed M. AMODİ	Independent Member of BOD	Bachelor	-
	Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	-
<b>Deputy General Manager:</b>	Malek Khodr TEMSAH (**)	Member of BOD/ Deputy General Manager	Master	-
<b>Assistant General Managers:</b>	Turgut SİMİTÇİOĞLU	Chief Assistant General Manager Responsible for Credit Risks	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Credits	Master	-
	Mehmet Fatih YORULMAZ	Assistant General Manager Responsible for Marketing	Master	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Sales	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance	Bachelor	-
	Volkan EVCİL	Assistant General Manager Responsible for Central Operations	Bachelor	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
<b>Chief Legal Consultancy</b>	Hasan AVŞAR	Chief Legal Consultant	Bachelor	-
<b>Audit Committee:</b>	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Mehmet Ali GÖKCE	Member of Audit Committee	Master	-
	Housseem BEN HAJ AMOR	Member of Audit Committee	Bachelor	-

(\*) Süleyman Kalkan has resigned from member of Board of Directors and Melikşah Utku has been appointed to related vacant Member of Board of Directors temporarily on October 13,2021.

(\*\*) In addition to his present tasks, appointed as Deputy General Manager to use all tasks, authorities and responsibilities of Melikşah Utku (ex general manager) who has left his position due to retirement on October 13,2021.

**IV. Information on the Bank's qualified shareholders:**

The Bank's paid in capital amounting to TL 1.350.000 consists of 1.350.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 697.546 of the paid in capital is owned by qualified shareholders who are listed below.

Name/commercial name	Share amount (nominal)	Share ratio (*)	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 UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

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

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

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

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

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

In addition to its ordinary banking activities, the Bank operates as an insurance agency on behalf of Bereket Sigorta, Anadolu Sigorta, Türkiye Sigorta, Allianz Sigorta, Unico Sigorta, Neova Sigorta, Ankara Sigorta, Coface Sigorta, Generali Sigorta, Bereket Katılım Sigorta, HDI Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. and Oyak Yatırım Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services. Moreover, the Bank is involved in providing non-cash loans that mainly comprise letters of guarantee, letters of credit and acceptances.

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

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

The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha Gmbh the subsidiaries of the Bank, through equity method and full consolidation method, respectively. 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. "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu" and other investments funds controlled by the Bank have been consolidated as well. "Bereket One Ltd" and "Albaraka Sukuk Ltd", which are not subsidiaries of the Bank but over which the Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity".

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

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

## **SECTION TWO**

### **The unconsolidated financial statements**

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF SEPTEMBER 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

ASSETS	Notes (Section Five-I)	Reviewed			Audited		
		CURRENT PERIOD September 30, 2021			PRIOR PERIOD December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>6.037.780</b>	<b>23.025.820</b>	<b>29.063.600</b>	<b>5.126.972</b>	<b>18.067.080</b>	<b>23.194.052</b>
<b>1.1 Cash and Cash Equivalents</b>	<b>(1)</b>	<b>3.638.051</b>	<b>18.253.519</b>	<b>21.891.570</b>	<b>2.115.516</b>	<b>14.497.412</b>	<b>16.612.928</b>
1.1.1 Cash and Balances with Central Bank		2.418.817	16.119.578	18.538.395	1.371.053	11.863.955	13.235.008
1.1.2 Banks		1.249.398	2.138.750	3.388.148	779.426	2.633.920	3.413.346
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		30.164	4.809	34.973	34.963	463	35.426
<b>1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>	<b>(2)</b>	<b>2.049.349</b>	<b>4.523.858</b>	<b>6.573.207</b>	<b>2.149.588</b>	<b>3.254.404</b>	<b>5.403.992</b>
1.2.1 Government Securities		622.671	4.497.112	5.119.783	536.142	3.232.685	3.768.827
1.2.2 Equity Securities		-	13.193	13.193	-	10.774	10.774
1.2.3 Other Financial Assets		1.426.678	13.553	1.440.231	1.613.446	10.945	1.624.391
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>	<b>(3)</b>	<b>325.326</b>	<b>244.582</b>	<b>569.908</b>	<b>848.184</b>	<b>315.264</b>	<b>1.163.448</b>
1.3.1 Government Securities		317.659	233.171	550.830	745.044	306.067	1.051.111
1.3.2 Equity Securities		7.667	11.411	19.078	7.667	9.197	16.864
1.3.3 Other Financial Assets		-	-	-	95.473	-	95.473
<b>1.4 Derivative Financial Assets</b>	<b>(5)</b>	<b>25.054</b>	<b>3.861</b>	<b>28.915</b>	<b>13.684</b>	<b>-</b>	<b>13.684</b>
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		25.054	3.861	28.915	13.684	-	13.684
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>		<b>23.731.260</b>	<b>28.333.930</b>	<b>52.065.190</b>	<b>23.290.703</b>	<b>20.517.445</b>	<b>43.808.148</b>
<b>2.1 Loans</b>	<b>(6)</b>	<b>24.097.079</b>	<b>24.202.196</b>	<b>48.299.275</b>	<b>23.254.475</b>	<b>18.801.331</b>	<b>42.055.806</b>
<b>2.2 Lease Receivables</b>	<b>(7)</b>	<b>318.530</b>	<b>249.497</b>	<b>568.027</b>	<b>291.476</b>	<b>68.673</b>	<b>360.149</b>
<b>2.3 Financial Assets Measured at Amortised Cost</b>	<b>(4)</b>	<b>551.776</b>	<b>4.680.025</b>	<b>5.231.801</b>	<b>832.051</b>	<b>2.392.749</b>	<b>3.224.800</b>
2.3.1 Government Securities		551.776	4.680.025	5.231.801	832.051	2.392.749	3.224.800
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Credit Losses (-)</b>	<b>(6)</b>	<b>1.236.125</b>	<b>797.788</b>	<b>2.033.913</b>	<b>1.087.299</b>	<b>745.308</b>	<b>1.832.607</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(8)</b>	<b>140.154</b>	<b>139</b>	<b>140.293</b>	<b>130.757</b>	<b>293</b>	<b>131.050</b>
3.1 Asset Held for Resale		140.154	139	140.293	130.757	293	131.050
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. OWNERSHIP INVESTMENTS (Net)</b>	<b>(9)</b>	<b>25.100</b>	<b>18.311</b>	<b>43.411</b>	<b>25.100</b>	<b>18.311</b>	<b>43.411</b>
<b>4.1 Associates (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>5.100</b>	<b>18.311</b>	<b>23.411</b>	<b>5.100</b>	<b>18.311</b>	<b>23.411</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		5.100	18.311	23.411	5.100	18.311	23.411
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>20.000</b>	<b>-</b>	<b>20.000</b>	<b>20.000</b>	<b>-</b>	<b>20.000</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		20.000	-	20.000	20.000	-	20.000
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(10)</b>	<b>1.303.597</b>	<b>16.833</b>	<b>1.320.430</b>	<b>1.371.033</b>	<b>17.226</b>	<b>1.388.259</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(11)</b>	<b>69.287</b>	<b>-</b>	<b>69.287</b>	<b>40.533</b>	<b>-</b>	<b>40.533</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		69.287	-	69.287	40.533	-	40.533
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>3.037</b>	<b>-</b>	<b>3.037</b>	<b>3.672</b>	<b>-</b>	<b>3.672</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(13)</b>	<b>317.236</b>	<b>-</b>	<b>317.236</b>	<b>191.314</b>	<b>-</b>	<b>191.314</b>
<b>X. OTHER ASSETS</b>	<b>(14)</b>	<b>668.932</b>	<b>40.850</b>	<b>709.782</b>	<b>488.305</b>	<b>27.055</b>	<b>515.360</b>
<b>TOTAL ASSETS</b>		<b>32.296.383</b>	<b>51.435.883</b>	<b>83.732.266</b>	<b>30.668.389</b>	<b>38.647.410</b>	<b>69.315.799</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF SEPTEMBER 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

LIABILITIES	Notes (Section Five-II)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		September 30, 2021			December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	<b>(1)</b>	<b>19.102.511</b>	<b>47.635.229</b>	<b>66.737.740</b>	<b>15.465.033</b>	<b>36.148.091</b>	<b>51.613.124</b>
<b>II. FUNDS BORROWED</b>	<b>(2)</b>	<b>5.702.668</b>	<b>1.795.936</b>	<b>7.498.604</b>	<b>4.314.758</b>	<b>2.987.107</b>	<b>7.301.865</b>
<b>III. BORROWINGS FROM MONEY MARKETS</b>		<b>36.983</b>	<b>-</b>	<b>36.983</b>	<b>1.246.687</b>	<b>1.029.766</b>	<b>2.276.453</b>
<b>IV. SECURITIES ISSUED (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(3)</b>	<b>7.079</b>	<b>-</b>	<b>7.079</b>	<b>142.596</b>	<b>-</b>	<b>142.596</b>
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		7.079	-	7.079	142.596	-	142.596
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES</b>	<b>(4)</b>	<b>320.148</b>	<b>13.599</b>	<b>333.747</b>	<b>314.684</b>	<b>13.711</b>	<b>328.395</b>
<b>VIII. PROVISIONS</b>	<b>(5)</b>	<b>202.766</b>	<b>3.133</b>	<b>205.899</b>	<b>198.842</b>	<b>2.401</b>	<b>201.243</b>
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		156.766	-	156.766	144.641	-	144.641
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		46.000	3.133	49.133	54.201	2.401	56.602
<b>IX. CURRENT TAX LIABILITY</b>	<b>(6)</b>	<b>67.239</b>	<b>763</b>	<b>68.002</b>	<b>71.950</b>	<b>11.018</b>	<b>82.968</b>
<b>X. DEFERRED TAX LIABILITY</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED LOANS</b>	<b>(8)</b>	<b>-</b>	<b>2.135.430</b>	<b>2.135.430</b>	<b>-</b>	<b>1.732.562</b>	<b>1.732.562</b>
12.1 Loans		-	2.135.430	2.135.430	-	1.732.562	1.732.562
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	<b>(9)</b>	<b>2.104.918</b>	<b>543.157</b>	<b>2.648.075</b>	<b>1.404.812</b>	<b>187.554</b>	<b>1.592.366</b>
<b>XIV. SHAREHOLDERS' EQUITY</b>	<b>(10)</b>	<b>4.056.556</b>	<b>4.151</b>	<b>4.060.707</b>	<b>4.038.919</b>	<b>5.308</b>	<b>4.044.227</b>
14.1 Paid-In Capital		1.350.000	-	1.350.000	1.350.000	-	1.350.000
14.2 Capital Reserves		1.028.858	-	1.028.858	960.566	-	960.566
14.2.1 Share Premium		14.855	-	14.855	14.855	-	14.855
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		1.014.003	-	1.014.003	945.711	-	945.711
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		248.312	-	248.312	254.045	-	254.045
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		124.022	4.151	128.173	90.833	5.308	96.141
14.5 Profit Reserves		1.743.696	-	1.743.696	1.492.590	-	1.492.590
14.5.1 Legal Reserves		143.156	-	143.156	130.419	-	130.419
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.600.540	-	1.600.540	1.362.171	-	1.362.171
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(438.332)	-	(438.332)	(109.115)	-	(109.115)
14.6.1 Prior Years Profit/(Loss)		(489.759)	-	(489.759)	(363.852)	-	(363.852)
14.6.2 Current Year Profit/(Loss)		51.427	-	51.427	254.737	-	254.737
<b>TOTAL LIABILITIES</b>		<b>31.600.868</b>	<b>52.131.398</b>	<b>83.732.266</b>	<b>27.198.281</b>	<b>42.117.518</b>	<b>69.315.799</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Reviewed			Audited		
		CURRENT PERIOD September 30, 2021			PRIOR PERIOD December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>11.107.189</b>	<b>10.214.010</b>	<b>21.321.199</b>	<b>11.377.799</b>	<b>9.281.131</b>	<b>20.658.930</b>
<b>I. GUARANTEES AND SURETIES</b>	(1)	<b>6.841.271</b>	<b>7.243.040</b>	<b>14.084.311</b>	<b>5.710.137</b>	<b>5.411.694</b>	<b>11.121.831</b>
1.1. Letters of Guarantees		6.766.712	3.814.906	10.581.618	5.647.191	3.555.738	9.202.929
1.1.1. Guarantees Subject to State Tender Law		1.243.712	349.321	1.593.033	876.326	77.888	954.214
1.1.2. Guarantees Given for Foreign Trade Operations		15	1.286.701	1.286.716	15	1.043.724	1.043.739
1.1.3. Other Letters of Guarantee		5.522.985	2.178.884	7.701.869	4.770.850	2.434.126	7.204.976
1.2. Bank Loans		-	85.826	85.826	-	49.363	49.363
1.2.1. Import Letter of Acceptances		-	85.826	85.826	-	49.363	49.363
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		14.235	3.329.627	3.343.862	39.522	1.731.270	1.770.792
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		14.235	3.329.627	3.343.862	39.522	1.731.270	1.770.792
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		-	12.681	12.681	-	75.323	75.323
1.7. Other Collaterals		60.324	-	60.324	23.424	-	23.424
<b>II. COMMITMENTS</b>	(1)	<b>2.778.304</b>	<b>580.076</b>	<b>3.358.380</b>	<b>2.395.012</b>	<b>850.025</b>	<b>3.245.037</b>
2.1. Irrevocable Commitments		2.752.804	580.076	3.332.880	2.391.012	850.025	3.241.037
2.1.1. Asset Purchase and Sale Commitments		329.848	580.076	909.924	359.047	850.025	1.209.072
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		587.597	-	587.597	429.887	-	429.887
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		814.030	-	814.030	667.621	-	667.621
2.1.7. Tax And Fund Liabilities from Export Commitments		15.258	-	15.258	13.538	-	13.538
2.1.8. Commitments for Credit Card Expenditure Limits		1.005.175	-	1.005.175	919.974	-	919.974
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		350	-	350	398	-	398
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		546	-	546	547	-	547
2.2. Revocable Commitments		25.500	-	25.500	4.000	-	4.000
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		25.500	-	25.500	4.000	-	4.000
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>1.487.614</b>	<b>2.390.894</b>	<b>3.878.508</b>	<b>3.272.650</b>	<b>3.019.412</b>	<b>6.292.062</b>
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		1.487.614	2.390.894	3.878.508	3.272.650	3.019.412	6.292.062
3.2.1. Forward Foreign Currency Buy/Sell Transactions		76.263	74.049	150.312	128.188	114.937	243.125
3.2.1.1. Forward Foreign Currency Transactions-Buy		53.746	20.620	74.366	83.763	39.298	123.061
3.2.1.2. Forward Foreign Currency Transactions-Sell		22.517	53.429	75.946	44.425	75.639	120.064
3.2.2. Other Forward Buy/Sell Transactions		1.411.351	2.316.845	3.728.196	3.144.462	2.904.475	6.048.937
3.3. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>102.242.742</b>	<b>32.680.036</b>	<b>134.922.778</b>	<b>87.262.122</b>	<b>24.652.412</b>	<b>111.914.534</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>7.318.501</b>	<b>8.841.179</b>	<b>16.159.680</b>	<b>5.519.997</b>	<b>8.677.435</b>	<b>14.197.432</b>
4.1. Assets Under Management		4.310.933	-	4.310.933	2.911.168	-	2.911.168
4.2. Investment Securities Held in Custody		14.533	365.118	379.651	137.652	344.021	481.673
4.3. Cheques Received for Collection		2.070.849	406.260	2.477.109	1.696.146	275.497	1.971.643
4.4. Commercial Notes Received for Collection		664.094	112.695	776.789	526.549	83.168	609.717
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		224.864	703.576	928.440	215.254	1.519.560	1.734.814
4.8. Custodians		33.125	7.253.530	7.286.655	33.125	6.455.189	6.488.314
<b>V. PLEDGED ITEMS</b>		<b>94.924.241</b>	<b>23.838.857</b>	<b>118.763.098</b>	<b>81.742.125</b>	<b>15.974.977</b>	<b>97.717.102</b>
5.1. Marketable Securities		11.192.116	5.404.207	16.596.323	11.668.013	4.659.421	16.327.434
5.2. Guarantee Notes		1.978.969	322.700	2.301.669	1.438.998	219.572	1.658.570
5.3. Commodity		10.703.399	2.427.789	13.131.188	6.545.244	1.758.326	8.303.570
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		64.528.380	12.729.443	77.257.823	56.903.781	6.988.385	63.892.166
5.6. Other Pledged Items		6.234.915	2.945.398	9.180.313	4.924.606	2.341.372	7.265.978
5.7. Pledged Items-Depository		286.462	9.320	295.782	261.483	7.901	269.384
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>113.349.931</b>	<b>42.894.046</b>	<b>156.243.977</b>	<b>98.639.921</b>	<b>33.933.543</b>	<b>132.573.464</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AS OF SEPTEMBER 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	Reviewed	Reviewed	Reviewed	Reviewed
			CURRENT PERIOD January 1- September 30, 2021	PRIOR PERIOD January 1- September 30, 2020	CURRENT PERIOD July 1- September 30, 2021	PRIOR PERIOD July 1- September 30, 2020
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>		<b>3.401.984</b>	<b>2.553.540</b>	<b>1.216.246</b>	<b>928.045</b>
1.1 Profit Share on Loans			2.841.586	2.194.190	999.747	785.306
1.2 Income Received from Reserve Deposits			92.845	6.813	38.944	3.305
1.3 Income Received from Banks			256	585	74	79
1.4 Income Received from Money Market Placements			-	-	-	-
1.5 Income Received from Marketable Securities Portfolio			440.904	338.113	167.217	134.793
1.5.1 Financial Assets at Fair Value Through Profit and Loss			146.837	68.223	63.043	34.134
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income			103.401	125.691	28.348	43.853
1.5.3 Financial Assets Measured at Amortised Cost			190.666	144.199	75.826	56.806
1.6 Finance Lease Income			25.359	11.802	9.927	4.012
1.7 Other Profit Share Income			1.034	2.037	337	550
<b>II. PROFIT SHARE EXPENSE</b>	<b>(2)</b>		<b>2.457.718</b>	<b>1.317.645</b>	<b>865.643</b>	<b>459.789</b>
2.1 Expense on Profit Sharing Accounts			1.389.534	808.107	517.087	246.564
2.2 Profit Share Expense on Funds Borrowed			916.235	385.743	308.043	136.293
2.3 Profit Share Expense on Money Market Borrowings			74.154	35.056	19.956	27.889
2.4 Profit Share Expense on Securities Issued			-	-	-	-
2.5 Finance Lease Expense			37.492	43.784	12.393	13.996
2.6 Other Profit Share Expense			40.303	44.955	8.164	35.047
<b>III. NET PROFIT SHARE INCOME (I – II)</b>			<b>944.266</b>	<b>1.235.895</b>	<b>350.603</b>	<b>468.256</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>			<b>273.875</b>	<b>162.576</b>	<b>103.413</b>	<b>62.437</b>
4.1 Fees and Commissions Received			398.619	281.002	145.828	103.773
4.1.1 Non-Cash Loans			114.497	97.403	42.811	33.012
4.1.2 Other	<b>(3)</b>		284.122	183.599	103.017	70.761
4.2 Fees and Commissions Paid (-)			124.744	118.426	42.415	41.336
4.2.1 Non-Cash Loans			397	156	223	50
4.2.2 Other	<b>(3)</b>		124.347	118.270	42.192	41.286
<b>V. DIVIDEND INCOME</b>	<b>(4)</b>		<b>52</b>	<b>-</b>	<b>52</b>	<b>-</b>
<b>VI. TRADING INCOME/LOSS(net)</b>	<b>(5)</b>		<b>(194.944)</b>	<b>173.318</b>	<b>(178.302)</b>	<b>104.131</b>
6.1 Capital Market Transaction Income/(Loss)			(110.765)	26.661	(91.817)	6.546
6.2 Profit/(Loss) from Derivative Financial Instruments			(84.593)	87.721	(60.424)	62.466
6.3 Foreign Exchange Income/(Loss)			414	58.936	(26.061)	35.119
<b>VII. OTHER OPERATING INCOME</b>	<b>(6)</b>		<b>817.673</b>	<b>471.175</b>	<b>336.886</b>	<b>329.017</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>			<b>1.840.922</b>	<b>2.042.964</b>	<b>612.652</b>	<b>963.841</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	<b>(7)</b>		<b>725.088</b>	<b>913.989</b>	<b>220.955</b>	<b>552.733</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>			<b>13.019</b>	<b>5.211</b>	<b>(3.143)</b>	<b>(17.144)</b>
<b>XI. PERSONNEL EXPENSES (-)</b>			<b>576.372</b>	<b>540.375</b>	<b>200.947</b>	<b>190.660</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(8)</b>		<b>500.977</b>	<b>405.038</b>	<b>147.798</b>	<b>146.184</b>
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>			<b>25.466</b>	<b>178.351</b>	<b>46.095</b>	<b>91.408</b>
<b>XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. PROFIT/(LOSS) ON EQUITY METHOD</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. PROFIT/(LOSS) ON NET MONETARY POSITION</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>	<b>(9)</b>		<b>25.466</b>	<b>178.351</b>	<b>46.095</b>	<b>91.408</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(10)</b>		<b>(25.961)</b>	<b>40.635</b>	<b>7.739</b>	<b>16.592</b>
18.1 Provision for Current Taxes			-	-	-	-
18.2 Deferred Tax Expense Effect (+)			260.890	254.890	76.447	153.072
18.3 Deferred Tax Income Effect (-)			286.851	214.255	68.708	136.480
<b>XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(11)</b>		<b>51.427</b>	<b>137.716</b>	<b>38.356</b>	<b>74.816</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>	<b>(11)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
20.1 Income from Assets Held For Sale			-	-	-	-
20.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)			-	-	-	-
20.3 Income from Other Discontinued Operations			-	-	-	-
<b>XXI. LOSS FROM DISCONTINUED OPERATIONS (-)</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1 Loss from Assets Held for Sale			-	-	-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)			-	-	-	-
21.3 Loss from Other Discontinued Operations			-	-	-	-
<b>XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1 Provision for Current Taxes			-	-	-	-
23.2 Deferred Tax Expense Effect (+)			-	-	-	-
23.3 Deferred Tax Income Effect (-)			-	-	-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(12)</b>		<b>51.427</b>	<b>137.716</b>	<b>38.356</b>	<b>74.816</b>
Earnings Per Share			0,04	0,10	0,03	0,05

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME AS OF SEPTEMBER 30, 2021**

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Reviewed	Reviewed
		CURRENT PERIOD January 1- September 30, 2021	PRIOR PERIOD January 1- September 30, 2020
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>51.427</b>	<b>137.716</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>26.299</b>	<b>22.612</b>
<b>2.1</b>	<b>Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>(5.733)</b>	<b>(5.105)</b>
2.1.1	Revaluation Surplus on Tangible Assets	(5.733)	(5.105)
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	-	-
<b>2.2</b>	<b>Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>32.032</b>	<b>27.717</b>
2.2.1	Translation Differences	51.793	51.455
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	(27.760)	(30.433)
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	7.999	6.695
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>77.726</b>	<b>160.328</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS OF SEPTEMBER 30, 2021**  
*(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 <sup>(*)</sup>	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
CURRENT PERIOD (January 1 – September 30, 2021)															
I. Closing balance		1.350.000	14.855	-	945.711	300.370	(46.325)	-	92.333	3.808	-	1.492.590	(363.852)	254.737	4.044.227
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		1.350.000	14.855	-	945.711	300.370	(46.325)	-	92.333	3.808	-	1.492.590	(363.852)	254.737	4.044.227
IV. Total Comprehensive Income		-	-	-	-	(5.733)	-	-	51.793	(19.761)	-	-	-	51.427	77.726
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		-	-	-	68.292	-	-	-	-	-	-	8.030	(137.568) <sup>(**)</sup>	-	(61.246)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	243.076	11.661	(254.737)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	243.076	(243.076)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	254.737	(254.737)	-
Balances at end of the period (III+IV...+X+XI)		1.350.000	14.855	-	1.014.003	294.637	(46.325)	-	144.126	(15.953)	-	1.743.696	(489.759)	51.427	4.060.707

<sup>(\*)</sup> The Bank has recognized unmatured additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves as per "TAS 32: "Financial Instruments: Presentation" standart.

<sup>(\*\*)</sup> The Bank has paid TL 158.013 in February and August 2021, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 30.954 the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

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

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



**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS OF SEPTEMBER 30, 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 Shareholders' Equity
PRIOR PERIOD (January 1 – September 30, 2020)															
I. Closing balance		900.000	-	-	1.345.134	270.910	(27.506)	-	72.638	40.056	-	1.430.225	(272.957)	63.429	3.821.929
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	(8.999)	-	-	8.999	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	(8.999)	-	-	8.999	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		900.000	-	-	1.345.134	270.910	(27.506)	-	72.638	31.057	-	1.430.225	(263.958)	63.429	3.821.929
IV. Total Comprehensive Income		-	-	-	-	(5.105)	-	-	51.455	(23.738)	-	-	-	137.716	160.328
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		-	-	-	98.423	-	-	-	-	(3.590)	-	18	(104.907) <sup>(*)</sup>	-	(10.056)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	62.347	1.082	(63.429)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	62.347	(62.347)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	63.429	(63.429)	-
Balances at end of the period (III+IV...+X+XI)		1.350.000	14.855	-	978.702	265.805	(27.506)	-	124.093	3.729	-	1.492.590	(367.783)	137.716	3.972.201

<sup>(\*)</sup> The Bank has recognized unmatured additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves as per "TAS 32: "Financial Instruments: Presentation" standart.

<sup>(\*\*)</sup> The Bank has paid TL 138.241 in February and August 2020, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 24.520 the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

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

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS**  
**AS OF SEPTEMBER 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Reviewed	Reviewed
		CURRENT PERIOD January 1- September 30, 2021	PRIOR PERIOD January 1- September 30, 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>1.100.868</b>	<b>754.635</b>
1.1.1 Profit Share Income Received		3.391.882	2.445.586
1.1.2 Profit Share Expense Paid		(2.319.889)	(756.222)
1.1.3 Dividend Received		52	-
1.1.4 Fees and Commissions Received		277.267	183.599
1.1.5 Other Income		421.927	442.493
1.1.6 Collections from Previously Written Off Loans		348.949	342.964
1.1.7 Payments to Personnel and Service Suppliers		(708.243)	(676.931)
1.1.8 Taxes Paid		(36.779)	(42.547)
1.1.9 Others		(274.298)	(1.184.307)
<b>1.2 Changes In Operating Assets And Liabilities</b>		<b>4.306.435</b>	<b>(2.314.924)</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(1.428.948)	(3.333.415)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(3.462.488)	(515.440)
1.2.3 Net (Increase) Decrease in Loans		(5.454.015)	(7.855.042)
1.2.4 Net (Increase) Decrease in Other Assets		(138.428)	(609.666)
1.2.5 Net Increase (Decrease) in Bank Deposits		875.752	(1.198.387)
1.2.6 Net Increase (Decrease) in Other Deposits		12.065.246	9.891.256
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		1.849.316	1.305.770
<b>I. Net Cash Flow From Banking Operations</b>		<b>5.407.303</b>	<b>(1.560.289)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>(1.016.239)</b>	<b>(1.232.928)</b>
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		-	-
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	18.350
2.3 Purchases of Property and Equipment		(107.747)	(102.141)
2.4 Disposals of Property and Equipment		205.274	156.802
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.550.158)	(406.249)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.103.601	157.974
2.7 Purchase of Financial Assets Measured at Amortised Cost		(3.151.694)	(1.884.206)
2.8 Sale of Financial Assets Measured at Amortised Cost		1.484.485	826.542
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Flow From Financing Activities</b>		<b>(2.762.735)</b>	<b>1.573.689</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		33.775.399	22.241.140
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(36.317.319)	(20.464.090)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Leases Paid		(62.802)	(65.121)
3.6 Other		(158.013)	(138.240)
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>377.804</b>	<b>735.470</b>
<b>V. Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>2.006.133</b>	<b>(484.058)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>8.055.277</b>	<b>7.182.466</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>		<b>10.061.410</b>	<b>6.698.408</b>

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

### **SECTION THREE**

#### **Accounting Policies**

**I. Explanations on basis of presentation:**

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

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Act numbered 5411 published in the Official Gazette numbered 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not prepared by BRSA, "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA") (all are referred as BRSA Accounting and Reporting Legislation). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette numbered 28337, dated June 28, 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets, liabilities and revalued real estates carried at fair value.

**b. Additional paragraph for convenience translation:**

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

**c. Accounting policies and valuation principles applied in the preparation of financial statements:**

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS.

The preparation of the unconsolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Bank's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary, they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes. Accounting policies and evaluation principles in preparing Financial statements are determined and applied as per the principles stated in "BRSA Accounting and Financial Reporting Legislation" and consistent with the accounting policies applied for December 31, 2020 financial statements.

The covid 19 pandemia, showed up in China, spreaded in various countries and caused upper respiratory infections. The pandemia has affected economical conditions locally and globally in especially the countries which are most exposed to it and caused operational malfunctions. Because of spreading covid-19 virus around the world, various precautions continue to be taken in our country as well as in the world in order to prevent to spread of the virus.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED FINANCIAL STATEMENTS OF CASH FLOWS**  
**AS OF SEPTEMBER 30, 2021**

*(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 financial statements (continued):**

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 September 30, 2021 financials, the Bank has reflected the possible impacts of covid 19 pandemia to the estimates and assumptions used in preparing Financial statements. The estimates and assumptions used in expected credit loss provisions are explained under information on expected credit losses.

**d. Restatement of the financial statements according to the current purchasing power of money:**

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

**e. Comparative information and classifications:**

The changes in accounting policies are applied retrospectively and previous period financial statements are restated. The Financial statements of the Bank are prepared comparative to the previous term in order to determine its financial position and performans trends. If appropriate, the comparative information are restated in order to provide comparativeness to the statements of current period financial statements. The Bank has restated previous period statement of cash flows in order to comply with the presentation of the current period financial statements.

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

The Bank creates its strategies on financial instruments considering its sources of financing. The main financing sources consist of current and profit-sharing accounts. Other than current and profit-sharing accounts, the Bank's most important funding sources are its equity and borrowings from foreign financial institutions. The Bank sustains its liquidity to cover matured liabilities by holding adequate level of cash and cash equivalents.

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

If the loans recognized in the foreign currency accounts are switched to non-performing, they are continued to be recognized in the foreign currency accounts and evaluated with the current exchange rates.

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

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

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

There are no foreign currency differences capitalized by the Bank.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2021**  
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**III. Explanations on forward, option contracts and derivative instruments:**

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

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

**IV. Explanations on profit share income and expenses:**

*Profit share income*

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

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

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

*Profit share expense*

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

**V. Explanations on fees, commission income and expenses:**

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

In accordance with provisions of TAS and TFRS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance which are related to the future periods are recorded under the account "Unearned Revenues" and included in "Other Liabilities" in the balance sheet. The commission received from cash loans corresponding to the current period is presented in "Profit Share from Loans" in the statement of profit or loss.

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

**VI. Explanations on financial assets:**

Financial assets are recognized or derecognized according to TFRS 9 section three: "Recognition and Derecognition". Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value through Profit or Loss", transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of the Bank, if the Bank is a legal party to these instruments. On which category financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

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**VI. Explanations on financial assets (continued):**

**Assessment of business model:**

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

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

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

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

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

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

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

**c) Other Business Models:**

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

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

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

**Financial assets at the fair value through profit or loss:**

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and profit share at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. The Bank recognizes profit and loss investments under "loans" as per BRSA uniform chart of accounts and measures them at fair value considering TFRS 9 provisions.

The revaluation reports as of December 31, 2020 prepared by appraisers have been taken into consideration in measuring the fair values of the profit and loss sharing investments. These projects have not been revalued on the assumption that their cash flows do not change significantly as of September 30, 2021 and this assumption will be reassessed considering covid pandemia in the coming periods.

In evaluating profit share investment projects various assumptions and estimations have been used. Work projects, discount rates and fair value parameters may fluctuate and sensitive to COVID 19's effect to market, economical conjuncture, and sectoral position, and other market conditions.

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**VI. Explanations on financial assets (continued):**

**Financial assets at fair value through other comprehensive income**

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

After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value.

Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the value corresponding to the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income or Expense to be Reclassified through Profit or Loss" under shareholders' equity. The accumulated fair value differences that are reflected in shareholders' equity are reflected in the income statement when the stated securities are collected or disposed.

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

**Financial assets measured at amortized cost:**

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

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

**Loans:**

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

The Bank's all loans including profit and loss investments are recorded under the "Measured at Amortized Cost" account. As per BRSA uniform chart of accounts, the bank recognizes profit and loss investments under "loans" and considering TFRS 9 provisions, measures them at fair value.

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

The Bank periodically evaluates the provisions allocated for loans and other receivables as per TFRS 9 retrospectively and as a result of those evaluations, if appropriate, updates the classification rules and parameters on allocation of provisions.

**VII. Explanations on expected credit losses:**

The Bank allocates impairment for expected loss on financial assets measured at amortized cost and measured at fair value through other comprehensive income. As of January 1, 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of January 1, 2018, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9.

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**VII. Explanations on expected credit losses (continued):**

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.

Additionally, considering BRSA's decisions dated March 17, 2020 numbered 8948 and dated March 27,2020 numbered 8970 , because of the malfunction in economical and commercial operations arising from COVID-19 pandemia , 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", it has been determined that 90 days overdue will be 180 days to classify the receivables as non performing loans and 30 days overdue will be 90 days to classify the receivables as second group loans until September 30,2021.

With the statement on September 16,2021, it has been decided that the related flexibility will conclude as of September 30,2021, but for loans whose overdue are between 31 days and 90 days, the same application will continue. In addition, loans whose overdue are between 91 and 180 days, the same application will continue as well.

As of September 30, 2021, under these flexibilities mentioned above, the Bank has cash receivables amount to TL 196.884 between 30-90 days overdue and TL 184.763 between 90-180 days overdue. The Bank has allocated TL 1.683 expected credit loss for the loans overdue between 30-90 days and TL 32.658 for the loans overdue between 90-180 days

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 September 30, 2021. From the beginning of the covid pandemia,

In provisioning parameters, base scenario rate has been updated as 80% negative condition scenario rate has been updated as 20% and positive condition scenario has been revoked.

In order to calculate the impact of macroeconomical factors to lifetime expected credit losses, the model has been set by using approximately 10 years of data from first quarter of 2010 to third quarter of 2020. In this model NPL rates of the banks operating in the same sector has been used and supportive data from previous terms have been received. As a result of model update works, the parameters of unemployment, gross domestic product and consumer price index have been found meaningful.

Under this context, the approach used through 2020, will be reviewed in the coming reporting periods by considering the changes in outcomes of pandemia, credit portfolio and expectations related to the future.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

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

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

Provisions for these financial assets are calculated using two different approaches: 12-month expected loss and expected lifetime loss. Credit risk parameters used in the calculations are as follows:



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**VII. Explanations on expected credit losses (continued):**

**Parameters used when calculating expected credit losses:**

**Probability of Default (PD):**

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

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

**Loss Given Default (LGD):**

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

**Exposure at Default (EAD):**

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

Financial Assets are divided into the following three categories depending on observable increases in their credit risks:

**12 Month Expected Credit Losses (Stage 1)**

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

The information on temporary flexibilities on classifications of the loans which have been revealed by BRSA because of the malfunction in economical and commercial operations arising from COVID-19 pandemia is stated under "Explanations on expected credit losses".

**Significant Increase in Credit Risk (Stage 2)**

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

The Bank classifies financial assets as Level 2 by considering the following criteria:

- Loans with a delay over 30 days but not exceed 90 days
- The data obtained from the early warning system and the evaluation that the bank will make in this case
- The Bank management's conclusion that there is significant increase in credit risk. At this point, the Bank compares probability of default of the loan in its origination with current status.
- Loans for which the repayment amount is fully collateralized and the collateral falls below the net realizable value.

The information on temporary flexibilities on classifications of the loans which have been revealed by BRSA because of the malfunction in economical and commercial operations arising from COVID-19 pandemia is stated under "Explanations on expected credit losses".

**Default (Stage 3/Specific Provision):**

If the following conditions exist in accordance with the Bank's internal procedures, the related financial asset is evaluated as default:

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**VII. Explanations on expected credit losses (continued):**

**Parameters used when calculating expected credit losses (continued):**

- Loans past 90 days from the last installment date
- Loans restructured and classified as performing receivables and restructured in the 1-year monitoring period at least once again and & or loans whose principal / profit payment is 30 days overdue.

The information on temporary flexibilities on classifications of the loans which have been revealed by BRSA because of the malfunction in economical and commercial operations arising from COVID-19 pandemia is stated under "Explanations on expected credit losses".

**VIII. Explanations on offsetting of financial instruments:**

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

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

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

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

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

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

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

**XI. Explanations on goodwill and other intangible assets:**

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares and intangible rights.

The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended.

Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

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**XI. Explanations on goodwill and other intangible assets (continued):**

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

**XII. Explanations on tangible assets:**

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

As of March 31, 2009, the Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements.

As of December 31, 2020, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

There are no changes in the accounting estimates which are expected to have an impact in the current or subsequent periods.

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

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

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

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

Fixed assets which are carried at fair value in the financial statements are revalued by independent Capital Markets Board licensed firms in accordance with TFRS 13.

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

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

In accordance with TFRS 16, right-of-use asset is represented under tangible assets in the balance sheet.

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**XIII. Explanations on leasing transactions:**

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

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

With the "IFRS 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.

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

The Bank has the exemption for not applying this standard to short-term leaseings (leases with a rental period of 12 months or less) or to leases where the underlying asset is of low value (eg personal computers, some office equipment, etc.). At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time and depreciates the existence of the right to use as of the same date and is amortized over the lease term. If this ratio can be determined easily, lease payments are discounted using the Bank's average profit rate.

If the ratio cannot be easily determined, the Bank uses its own alternative borrowing rate. The profit share expense on the lease liability and the depreciation charge of the right to use is recorded separately. The lessee re-measures the lease obligation if certain events occur (for example, changes in lease duration, forward lease payments due to changes in a particular index or rate, etc.). In this case, the lessee records the reassignment effect of the lease obligation as a correction on the right to use.

**Right to use asset:**

The right to use asset is first recognized by cost method and includes:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- All initial direct costs incurred by the Bank and

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

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

While the Bank is depreciating the right-to-use asset, it utilizes the provisions for depreciation in TAS 16 Tangible Assets Standard

**The lease liabilities:**

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. If this ratio can be determined easily, lease payments are discounted using the Bank's average profit rate. If the ratio cannot be easily determined, the Bank uses its own alternative borrowing rate.

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

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

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- Increases the book value to reflect the profit share rate on the lease obligation,
- Reduces the book value to reflect the lease payments made
- Measures the book value to reflect reassessments and restructuring, or reflect the fixed lease payments, which is revised but inherently fixed.

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

**XIV. Explanations on provisions and contingent liabilities:**

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

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

**XV. Explanations on liabilities regarding employee rights:**

i) *Defined benefit plans:*

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

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated for reasons other than misconduct or due to resignation. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income. As of September 30, 2021, there is an actuarial loss amounts to TL 57.906 before deferred tax calculation (December 31, 2020: TL 57.906 actuarial loss).

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

There are no foundations, pension funds or similar associations of which the employees are members.

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

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**XVI. Explanations on taxation:**

**Current tax:**

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

As per the temporary 13th clause of the Law numbered 5520 which is added to 11st clause of the Law numbered 7316, 20 % corporate tax rate in the Corporate tax Law will be applied as 25 % for 2021 taxation period (accounting periods starting in the relevant years for companies designated as a special accounting period) and 23% for 2022 taxation period.

In this context, corporate taxes will be collected from corporate taxpayers for their corporation income at the rate of 25% for 2021 period and 23 % for 2022 period. In addition, prepaid taxes will be paid at the rate of 25% for 2021 and 23 % for 2022 to be deducted from corporate tax stated the articles of Corporate Tax Law.

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

The prepaid taxes are calculated based on quarterly profits of the Bank using current rate which must be announced by the 14<sup>th</sup> day and paid by the 17<sup>th</sup> day of the second month following the taxed period.

The prepaid taxes can be deducted from the annual corporate tax calculated on the annual corporate income. The remaining prepaid tax, if any after deduction, can be refunded in cash or deducted from other financial liabilities to the government.

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

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

In accordance with the last paragraph of the first article of the law dated February 11, 1986 and numbered 3259 "Law related to granting tax exemption to Islamic Development Bank" dividends paid to Islamic Development Bank is exempt from corporate tax. Therefore, dividend distributed to Islamic Development Bank as a shareholder of the Bank is exempt from corporate tax and income tax withholding.

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

Considering the participation accounts' part in general loan loss provision as expense for tax calculation, Finance Ministry initiated a sector-specific review. The relevant documents and calculations have been requested from the Bank. As of report date, there is no information or written report transmitted to the Bank.

**Deferred tax:**

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

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

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred

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**XVI. Explanations on taxation (continued):**

tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. Since the “law regarding changes on tax laws and some other laws” numbered 7061 and the 22% corporate tax rate have been terminated as of 2020, the Bank has used 25% rate for temporary differences expected to be realized or terminated until end of 2021, 23% for temporary differences expected to be realized or terminated until end of 2022 and 20 % for temporary differences expected to be realized or terminated after 2023 while preparing financial statements as of September 30, 2021.

As explained in detailed note under “XVII Additional explanations on borrowings”, deferred tax is calculated for exchange difference and coupon payment for Tier 1 under equity and deferred tax expenses. In addition, if loss occurs in the income statement prepared as per Turkish Tax Legislation, The Bank recognizes deferred tax. While making this calculation, The Bank’s growth projections in its budget, reinforceable estimates on income statement and expectations on inflation, currency and interest rates by Central Bank of Turkey are considered.

**Transfer pricing:**

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

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

**XVII. Additional explanations on borrowings:**

The Bank accounts its debt instruments in accordance with TFRS 9 “Financial Instruments”. In the following periods, all financial liabilities are carried at amortized cost by using the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

There are no debt securities issued by the Bank. The Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.Ş. and its structured entities Bereket One Ltd. and Albaraka Sukuk Ltd.

The Bank has subordinated loans borrowed through sukuk issuance, which has convertible nature to the shares.

**Additional tier 1 capital borrowings:**

Unmatured sukuk transaction in foreign currency is issued and included in the additional capital account by the Bank’s structured entity “Bereket One Ltd”. Stated transaction evaluated as non-monetary item and accounted over historical cost in Turkish Lira under equities in the “other capital reserves” accordance with TAS 32.

**XVIII. Explanations on issued share certificates:**

None.

**XIX. Explanations on acceptances and availed drafts:**

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers and they are presented as commitments in the off-balance sheet accounts.

**XX. Explanations on government grants:**

As of the balance sheet date, there are no government grants received by the Bank.

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**XXI. Explanations on segment reporting:**

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

Segment reporting is disclosed in Section Four, Note X.

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

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

**XXIII. Explanations on other matters:**

There are no other matters.



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**SECTION FOUR**

**INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT**

**I. Explanations on capital adequacy standard ratio:**

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of September 30, 2021, the Bank's total capital has been calculated as TL 5.537.300 and capital adequacy standard ratio is 12,98%. As of December 31, 2020, Bank's total capital amounted to TL 5.563.141 and capital adequacy ratio was 13,51%. The Bank's capital adequacy standard ratio is above the minimum ratio required by the legislation.

**a. Information on capital:**

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.350.000	1.350.000
Share issue premiums	14.855	14.855
Reserves	1.253.937	1.128.738
Gains recognized in equity as per TAS	677.036	566.502
Profit	51.427	254.737
Current Period Profit	51.427	254.737
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3.347.255</b>	<b>3.314.832</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>-</b>	<b>-</b>
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	62.278	46.325
Improvement costs for operating leasing	19.809	20.340
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	66.403	37.958
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	111.451	111.451
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	109.433	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>369.374</b>	<b>216.074</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>2.977.881</b>	<b>3.098.758</b>

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

**a. Information on capital (continued):**

	Current Period	Prior Period
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	775.720
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>775.720</b>	<b>775.720</b>
<b>Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	<b>-</b>	<b>-</b>
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>775.720</b>	<b>775.720</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.753.601</b>	<b>3.874.478</b>
<b>TIER II CAPITAL</b>	<b>-</b>	<b>-</b>
Debt instruments and share issue premiums deemed suitable by the BRSA	1.654.487	1.374.112
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	135.126	321.443
<b>Tier II Capital Before Deductions</b>	<b>1.789.613</b>	<b>1.695.555</b>
<b>Deductions From Tier II Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>1.789.613</b>	<b>1.695.555</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5.543.214</b>	<b>5.570.033</b>
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>-</b>	<b>-</b>
Deductions from Capital Loans granted contrary to the 50 <sup>th</sup> and 51 <sup>th</sup> Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	5.914	6.892

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

**a. Information on capital (continued):**

	Current Period	Prior Period
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
<b>Total Capital (Total Core Capital and Supplementary Capital)</b>	<b>5.537.300</b>	<b>5.563.141</b>
<b>Total risk weighted amounts</b>	<b>42.665.546</b>	<b>41.181.635</b>
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	6,98	7,52
Tier 1 Capital Adequacy Ratio (%)	8,80	9,41
Capital Adequacy Ratio (%)	12,98	13,51
<b>BUFFERS</b>		
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	2,48	3,02
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	308.732	279.792
<b>Limits related to provisions considered in Tier II calculation</b>	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	135.126	321.443
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	135.126	321.443
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

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

**a. Information on capital (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 last 252 working days (before calculation date) arithmetical averages of central bank buying exchange rates can be used in calculating the revalued amounts of monetary and non monetary items and their specific provisions. The items which are carried at cost is out of scope. As of September 30, 2021, the Bank has utilized this facility.

**b. Details on subordinated liabilities:**

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
<b>Special Consideration in the Calculation of Equity</b>		
As of January 1, 2015, consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.654.487	TL 775.720 <sup>(1)</sup>
Par Value of Instrument	TL 2.068.109	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2025 Total Repayment Amount of Profit Share: USD 131.250.000 (first 5 years), USD 117.137.500 (second 5 years) Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share for 5 years: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
<b>Profit Share/Dividends</b>		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	9,371 % (first 5 years:10,50%)	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative
<b>Convertible or Non-convertible</b>		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval, it is convertible and the rate may be determined.	As per BRSA approval, it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
<b>Write-down feature</b>		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

<sup>(1)</sup> Represented as historical cost

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

**c. Information on reconciliation of total capital and equity:**

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

**II. Explanations on credit risk:**

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 currency risk:**

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

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

	USD	EUR
As of September 30, 2021 - Balance sheet evaluation rate	8,840	10,243
As of September 29, 2021	8,843	10,269
As of September 28, 2021	8,835	10,331
As of September 27, 2021	8,797	10,291
As of September 24, 2021	8,820	10,328
As of September 23, 2021	8,710	10,227

- d. The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is TL 8,524 for 1 USD (December 2020: TL 7,670), TL 10,034 for 1 EUR (December 2020: TL 9,337). The Bank is mainly exposed to EUR and USD currency risks.

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**III. Explanations on currency risk (continued):**

**Information on currency risk of the Bank:**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC<sup>(*)</sup></b>	<b>Total</b>
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	4.423.272	8.716.951	2.979.355	16.119.578
Banks	391.969	644.135	1.097.837	2.133.941
Financial assets at fair value through profit and loss <sup>(**)</sup>	605.443	707.004	3.215.272	4.527.719
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	849	239.270	4.463	244.582
Loans and financial lease receivables <sup>(***)</sup>	7.700.610	16.593.822	29	24.294.461
Subsidiaries, associates and joint ventures	18.311	-	-	18.311
Financial Assets Measured at Amortised Cost	977.972	3.702.053	-	4.680.025
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	16.833	16.833
Intangible assets	-	-	-	-
Other assets <sup>(****)</sup>	23.041	17.540	3.914	44.495
<b>Total assets</b>	<b>14.141.467</b>	<b>30.620.775</b>	<b>7.317.703</b>	<b>52.079.945</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	725.489	697.309	6.007	1.428.805
Other current and profit sharing accounts	11.857.075	27.101.065	7.248.284	46.206.424
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	896.804	3.034.562	-	3.931.366
Marketable securities issued	-	-	-	-
Miscellaneous payables	150.106	378.932	14.119	543.157
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	328	16.246	921	17.495
<b>Total liabilities</b>	<b>13.629.802</b>	<b>31.228.114</b>	<b>7.269.331</b>	<b>52.127.247</b>
<b>Net balance sheet position</b>	<b>511.665</b>	<b>(607.339)</b>	<b>48.372</b>	<b>(47.302)</b>
<b>Net off balance sheet position</b>	<b>(575.861)</b>	<b>903.315</b>	<b>(90)</b>	<b>327.364</b>
Derivative financial instruments assets <sup>(*****)</sup>	25.608	1.573.261	50.298	1.649.167
Derivative financial instruments liabilities <sup>(*****)</sup>	601.469	669.946	50.388	1.321.803
Non-cash loans <sup>(*****)</sup>	2.374.084	4.835.302	33.654	7.243.040
<b>Prior Period</b>				
Total assets	10.862.943	22.616.458	6.402.503	39.881.904
Total liabilities	10.838.411	24.794.716	6.479.083	42.112.210
<b>Net balance sheet position</b>	<b>24.532</b>	<b>(2.178.258)</b>	<b>(76.580)</b>	<b>(2.230.306)</b>
<b>Net off balance sheet position</b>	<b>(244.207)</b>	<b>2.670.013</b>	<b>142.713</b>	<b>2.568.519</b>
Derivative financial instruments assets	22.001	3.036.480	160.497	3.218.978
Derivative financial instruments liabilities	266.208	366.467	17.784	650.459
Non-cash loans <sup>(*****)</sup>	2.160.361	3.210.278	41.055	5.411.694

<sup>(\*)</sup> TL 2.921.503 (December 31, 2020: TL 2.644.380) 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 610.748 (December 31, 2020: TL 1.308.455) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 6.751.434 (December 31, 2020: TL 6.203.756) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

<sup>(\*\*)</sup> Derivative financial instruments are included.

<sup>(\*\*\*)</sup> The balance includes foreign currency indexed loans and financial lease receivables of TL 640.556 (December 31, 2020: TL 1.227.719).

<sup>(\*\*\*\*)</sup> Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 3.506 (December 31, 2020: TL 6.775) is included in other assets.

<sup>(\*\*\*\*\*)</sup> In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 126.237 (December 31, 2020: TL 275.205) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 453.839 (December 31, 2020: TL 574.820).

<sup>(\*\*\*\*\*)</sup> Does not have any effect on the net off-balance sheet position.

**Other issues related to currency risk:**

Since the bank has issued unmatured additional Tier 1 capital amount to USD 205.000.000 (historical cost: TL 775.720) and recognized under the equity as "Other Capital Reserves", related amount is not included in the above table.

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

The Bank does not have any associate and subsidiary quoted at Borsa İstanbul.

The Bank's equity securities which are not quoted at Borsa İstanbul are recognized at fair values and if the fair values are not measured reliably, they are recognized at cost.

The equity securities under banking book calculated as per credit risk standard method amount to TL 61.752. 100% risk weight is applied to related whole amount (December 31, 2020: TL 59.997).

**V. Explanations on liquidity risk:**

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

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

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Bank is exposed to and considering the Bank's strategy and conditions of competition and pursues the implementations. Risk Management Department defines the Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank's risk profile, operation environment and strategic plan with regulations.

The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties. The Bank's funding management is carried out in compliance with the ALCO decisions in the direction of the Fund Transfer Pricing ("FTP") committee. Funding and placement strategies are developed by assessing liquidity of the Bank.

In liquidity risk, management actions that will be taken and procedures are determined by considering normal economic conditions and stress conditions. Diversification of assets and liabilities is assured to be able to continuously meet the obligations, also taking into account the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

In the context of TL and foreign currencies liquidity management, the Bank monitors the cash flows regarding assets and liabilities and forecasts the required liquidity in future periods. In cash flow analysis, stress is applied to items that affect the liquidity by volume and rate of change from a liquidity management point of view. Liquidity risk exposed by the Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework. There exists "Liquidity Risk Management Contingency Funding Plan" in the Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels. Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Bank monitors liquidity risk in terms of early warning indicators in each stress.

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.

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**V. Explanations on liquidity risk (continued):**

**Liquidity Coverage Ratio:**

		Rate of "Percentage to be taken into account" not Implemented Total Value <sup>(*)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(*)</sup>	
		TL+FC	FC	TL+FC	FC
	<b>Current Period</b>				
	<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1	HIGH QUALITY LIQUID ASSETS			24.552.025	21.752.975
	<b>CASH OUTFLOWS</b>				
2	Retail and Small Business Funds Collected	37.845.702	27.291.443	3.557.713	2.729.144
3	Stable Funds Collected	4.537.147	-	226.857	-
4	Less stable Funds Collected	33.308.555	27.291.443	3.330.856	2.729.144
5	Unsecured Funding other than Retail and Small Business Customers Deposits	22.097.939	14.511.442	10.842.298	5.872.704
6	Operational Funds Collected	10.735.646	8.228.150	2.683.912	2.057.037
7	Non-Operational Funds Collected	6.947.319	4.462.902	3.851.400	2.117.491
8	Other Unsecured Funding	4.414.974	1.820.390	4.306.986	1.698.176
9	Secured funding			-	-
10	Other Cash Outflows	1.416.579	1.253.879	1.416.579	1.253.879
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.416.579	1.253.879	1.416.579	1.253.879
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	14.058.120	6.551.819	1.487.896	906.441
16	<b>TOTAL CASH OUTFLOWS</b>			<b>17.304.486</b>	<b>10.762.168</b>
	<b>CASH INFLOWS</b>				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	9.199.755	5.990.008	7.297.745	5.084.955
19	Other contractual cash inflows	1.430.432	1.015.610	1.430.432	1.015.610
20	<b>TOTAL CASH INFLOWS</b>	<b>10.630.187</b>	<b>7.005.618</b>	<b>8.728.177</b>	<b>6.100.565</b>
				<b>Upper limit applied amounts</b>	
21	<b>TOTAL HQLA</b>			<b>24.552.025</b>	<b>21.752.975</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>8.576.309</b>	<b>4.661.603</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>286,28</b>	<b>466,64</b>

<sup>(\*)</sup> Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	211,06	350,58
Date	July 8, 2021	July 1, 2021
Highest	390,10	750,69
Date	July 30, 2021	July 30, 2021
Average	286,28	466,64



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**V. Explanations on liquidity risk (continued):**

**Liquidity Coverage Ratio (continued):**

		Rate of "Percentage to be taken into account" not Implemented Total Value <sup>(*)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(*)</sup>	
	Prior period	TL+FC	FC	TL+FC	FC
	<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1	HIGH QUALITY LIQUID ASSETS			17.541.745	15.041.838
	<b>CASH OUTFLOWS</b>				
2	Retail and Small Business Funds Collected	32.277.745	22.577.578	3.017.474	2.257.758
3	Stable Funds Collected	4.206.009	-	210.300	-
4	Less stable Funds Collected	28.071.736	22.577.578	2.807.174	2.257.758
5	Unsecured Funding other than Retail and Small Business Customers Deposits	18.289.370	11.511.164	8.638.837	5.368.906
6	Operational Funds Collected	9.604.669	7.375.474	2.401.167	1.843.869
7	Non-Operational Funds Collected	4.234.104	2.039.871	1.919.507	900.775
8	Other Unsecured Funding	4.450.597	2.095.819	4.318.163	2.624.262
9	Secured funding			-	-
10	Other Cash Outflows	2.961.137	1.835.096	2.961.137	1.835.096
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.961.137	1.835.096	2.961.137	1.835.096
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	11.674.343	5.439.205	1.122.951	664.035
16	<b>TOTAL CASH OUTFLOWS</b>			<b>15.740.399</b>	<b>10.125.795</b>
	<b>CASH INFLOWS</b>				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.863.193	5.384.414	6.383.806	4.658.632
19	Other contractual cash inflows	3.001.309	2.693.309	3.001.309	2.693.309
20	<b>TOTAL CASH INFLOWS</b>	<b>10.864.502</b>	<b>8.077.723</b>	<b>9.385.115</b>	<b>7.351.941</b>
				Upper limit applied amounts	
21	<b>TOTAL HQLA</b>			<b>17.541.745</b>	<b>15.041.838</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>6.355.284</b>	<b>2.773.854</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>276,02</b>	<b>542,27</b>

<sup>(\*)</sup> Average of the last three months of liquidity coverage ratios calculated considering weekly simple arithmetic averages.

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2020 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	213,60	361,57
Date	November 30, 2020	October 4, 2020
Highest	402,20	691,40
Date	December 18, 2020	November 14, 2020
Average	276,02	542,27

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**V. Explanations on liquidity risk (continued):**

**Liquidity Coverage Ratio (continued):**

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 7,04% cash, 50,88% deposits in central banks and 42,08% securities considered as high quality liquid assets.

The Bank's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 87,34% funds collected, 12,66% funds borrowed, borrowings from money market and subordinated loans.

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

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

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**V. Explanations on liquidity risk (continued):**

**Presentation of assets and liabilities according to their remaining maturities:**

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(****)	Total
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	8.475.219	10.062.914	-	-	-	-	-	18.538.133
Banks	1.988.287	1.233.806	131.344	-	-	-	-	3.353.437
Financial Assets at Fair Value Through Profit and Loss <sup>(*)</sup>	584.865	190.180	161.666	1.303.414	4.107.150	254.847	-	6.602.122
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	19.078	5.432	-	319.347	226.051	-	-	569.908
Loans <sup>(**)</sup>	290.317	4.068.810	6.841.568	13.932.829	17.962.582	2.736.097	1.001.186	46.833.389
Financial Assets Measured at Amortised Cost	-	6.828	35.380	1.534.685	3.654.908	-	-	5.231.801
Other Assets	-	-	3.513	20.681	157.858	229.791	2.191.633	2.603.476
<b>Total Assets</b>	<b>11.357.766</b>	<b>15.567.970</b>	<b>7.173.471</b>	<b>17.110.956</b>	<b>26.108.549</b>	<b>3.220.735</b>	<b>3.192.819</b>	<b>83.732.266</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	983.809	451.962	58.136	3.979	-	-	-	1.497.886
Other current and profit sharing accounts	27.709.783	26.031.009	8.902.659	2.464.006	132.397	-	-	65.239.854
Funds provided from other financial institutions and subordinated loans	-	2.612.791	3.469.757	1.472.660	2.078.826	-	-	9.634.034
Money Market Borrowings	-	36.983	-	-	-	-	-	36.983
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	384.577	82.212	45.692	39	-	2.135.555	2.648.075
Other liabilities	775.720	-	217	5.424	109.293	205.220	3.579.560	4.675.434
<b>Total Liabilities</b>	<b>29.469.312</b>	<b>29.517.322</b>	<b>12.512.981</b>	<b>3.991.762</b>	<b>2.320.555</b>	<b>205.220</b>	<b>5.715.115</b>	<b>83.732.266</b>
<b>Net Liquidity Gap</b>	<b>(18.111.546)</b>	<b>(13.949.352)</b>	<b>(5.339.510)</b>	<b>13.119.195</b>	<b>23.787.994</b>	<b>3.015.515</b>	<b>(2.522.296)</b>	<b>-</b>
<b>Net Off-balance sheet</b>								
<b>Position</b>	<b>-</b>	<b>1.469</b>	<b>65.152</b>	<b>(8.431)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58.190</b>
Financial Derivative Assets	-	886.321	935.885	146.143	-	-	-	1.968.349
Financial Derivative Liabilities	-	884.852	870.733	154.574	-	-	-	1.910.159
<b>Non-cash Loans</b>	<b>9.031.175</b>	<b>265.235</b>	<b>587.109</b>	<b>2.911.387</b>	<b>1.271.946</b>	<b>17.459</b>	<b>-</b>	<b>14.084.311</b>
<b>Prior period</b>								
Total Assets	9.537.268	11.938.005	7.990.292	15.013.455	19.125.698	2.987.165	2.723.916	69.315.799
Total Liabilities	23.935.095	26.970.224	8.878.140	2.595.446	1.906.422	206.715	4.823.757	69.315.799
<b>Net Liquidity Gap</b>	<b>(14.397.827)</b>	<b>(15.032.219)</b>	<b>(887.848)</b>	<b>12.418.009</b>	<b>17.219.276</b>	<b>2.780.450</b>	<b>(2.099.841)</b>	<b>-</b>
<b>Net Off-balance sheet</b>								
<b>Position</b>	<b>-</b>	<b>(62.018)</b>	<b>(109.221)</b>	<b>(65.751)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(236.990)</b>
Financial Derivative Assets	-	918.683	1.452.662	656.191	-	-	-	3.027.536
Financial Derivative Liabilities	-	980.701	1.561.883	721.942	-	-	-	3.264.526
<b>Non-cash Loans</b>	<b>6.733.505</b>	<b>238.758</b>	<b>512.408</b>	<b>2.735.817</b>	<b>868.546</b>	<b>32.797</b>	<b>-</b>	<b>11.121.831</b>

(\*) Derivative financial instruments are included.

(\*\*) Leasing receivables are included under loans. Unallocated amount represents the net non-performing loans.

(\*\*\*) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future, such as tangible assets, right of use of movables and real estates, investments in associates and subsidiaries, stationary supplies, prepaid expenses are included here.

(\*\*\*\*) The unallocated other liabilities column consists of equity, provisions and (if any) deferred tax liabilities.

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**VI. Explanations on leverage ratio:**

As of September 30, 2021, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 3,81% (December 31, 2020: 4,52%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is that increase in average total risk amount is higher than increase in average capital amount.

		Current Period <sup>(*)</sup>	Prior Period <sup>(*)</sup>
<b>Balance sheet assets</b>			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	81.996.789	71.506.589
2	(Assets deducted from Core capital)	(179.629)	(71.840)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	81.817.160	71.434.749
<b>Derivative financial assets and credit derivatives</b>			
4	Cost of replenishment for derivative financial assets and credit derivatives	16.140	70.179
5	Potential credit risk amount of derivative financial assets and credit derivatives	16.479	35.331
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	32.619	105.510
<b>Financing transactions secured by marketable security or commodity</b>			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	464.068	303.792
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)	464.068	303.792
<b>Off-balance sheet transactions</b>			
10	Gross notional amount of off-balance sheet transactions	16.578.167	13.863.342
11	(Correction amount due to multiplication with credit conversion rates)	(22.950)	(3.600)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	16.555.217	13.859.742
<b>Capital and total risk</b>			
13	Core Capital	3.761.465	3.874.890
14	Total risk amount (sum of lines 3, 6, 9 and 12)	98.869.064	85.703.793
<b>Leverage ratio</b>			
15	Leverage ratio (%)	3,81	4,52

<sup>(\*)</sup> The average amounts for the last three months.

**VII. Explanations on presentation of 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:**

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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**IX. Explanations on risk management:**

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks 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 September 30, 2021 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.

**a. Risk management strategy and risk weighted amounts:**

**a.1. Risk management strategy:**

Not prepared in compliance with the "Regulation on Calculation of Risk Management Disclosures".

**a.2. Risk weighted amounts:**

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	35.060.346	33.336.760	2.804.828
2	Standardised approach (SA)	35.060.346	33.336.760	2.804.828
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	13.277	12.162	1.062
5	Standardised approach for counterparty credit risk (SA-CCR)	13.277	12.162	1.062
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	4.262.932	5.042.837	341.035
17	Standardised approach (SA)	4.262.932	5.042.837	341.035
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	3.328.991	2.789.876	266.319
20	Basic Indicator Approach	3.328.991	2.789.876	266.319
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>42.665.546</b>	<b>41.181.635</b>	<b>3.413.244</b>

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**X. Explanations on business segments:**

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

<b>Current Period</b>	<b>Retail</b>	<b>Commercial and Corporate</b>	<b>Treasury</b>	<b>Undistributed</b>	<b>Total</b>
Operating Income (Net)	(163.644)	1.449.260	708.487	276.337	2.270.440
Operating Expenses <sup>(*)</sup>	(853.391)	(952.548)	(437.648)	(1.387)	(2.244.974)
Operating Income/Expenses	(1.017.035)	496.712	270.839	274.950	25.466
Profit/(Loss) Before Tax	(1.017.035)	496.712	270.839	274.950	25.466
Tax Expense	-	-	-	25.961	25.961
<b>Current Year Profit/(Loss)</b>	<b>(1.017.035)</b>	<b>496.712</b>	<b>270.839</b>	<b>300.911</b>	<b>51.427</b>
<b>Total Assets</b>	<b>4.216.659</b>	<b>43.875.141</b>	<b>30.225.259</b>	<b>5.415.207</b>	<b>83.732.266</b>
<b>Total Liabilities</b>	<b>43.482.297</b>	<b>25.791.480</b>	<b>9.648.689</b>	<b>4.809.800</b>	<b>83.732.266</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Commercial and Corporate</b>	<b>Treasury</b>	<b>Undistributed</b>	<b>Total</b>
Operating Income (Net)	(223.514)	1.653.469	627.878	118.609	2.176.442
Operating Expenses <sup>(*)</sup>	(760.768)	(1.109.679)	(152.964)	25.320	(1.998.091)
Operating Income/Expenses	(984.282)	543.790	474.914	143.929	178.351
Profit/(Loss) Before Tax	(984.282)	543.790	474.914	143.929	178.351
Tax Expense	-	-	-	(40.635)	(40.635)
<b>Current Year Profit/(Loss)</b>	<b>(984.282)</b>	<b>543.790</b>	<b>474.914</b>	<b>103.294</b>	<b>137.716</b>
<b>Total Assets</b>	<b>4.029.989</b>	<b>38.161.637</b>	<b>24.154.568</b>	<b>2.969.605</b>	<b>69.315.799</b>
<b>Total Liabilities</b>	<b>33.945.848</b>	<b>19.664.470</b>	<b>11.471.190</b>	<b>4.234.291</b>	<b>69.315.799</b>

<sup>(\*)</sup> Operating expenses have been allocated to business segments by using branch segment and number of branch employees allocation keys.

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**SECTION FIVE**

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

**I. Explanations and notes related to assets:**

**1. a. Cash and balances with the Central Bank of Republic of Turkey (CBRT):**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	163.204	1.954.840	153.161	1.304.238
CBRT	2.123.319	11.740.360	1.100.016	9.074.885
Other <sup>(*)</sup>	132.294	2.424.378	117.876	1.484.832
<b>Total</b>	<b>2.418.817</b>	<b>16.119.578</b>	<b>1.371.053</b>	<b>11.863.955</b>

<sup>(\*)</sup> Includes precious metals amounting to TL 568.151 (December 31, 2020: TL 758.583) and cash in transit amounting to TL 1.988.521 (December 31, 2020: TL 844.125) as of September 30, 2021.

**b. Information related to CBRT:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	2.084.376	1.716.127	1.092.052	2.012.553
Unrestricted time deposit	-	-	-	-
Restricted time deposit <sup>(*)</sup>	38.943	10.024.233	7.964	7.062.332
<b>Total</b>	<b>2.123.319</b>	<b>11.740.360</b>	<b>1.100.016</b>	<b>9.074.885</b>

<sup>(\*)</sup> As of September 30, 2021, the reserve requirement held in standard gold is TL 2.353.352 (December 31, 2020: TL 1.885.797)

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", banks operating in Turkey are required to maintain reserves in CBRT for TL and foreign currency liabilities. According to the Communiqué Regarding the Reserve Requirements, reserve requirements can be maintained in TL, USD and/or EURO and standard gold.

As per the regulation by CBRT dated November 27, 2020, the commission is paid to CBRT from foreign exchange reserves except USD kept at required reserves and foreign exchange call deposits.

As of September 30, 2021, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4% to 9% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 25% depending on maturity of deposits.

Starting from 24.09.2021 (including) reserve requirement maintenance date, remuneration rates that differ between 12,5% and 18% will be applied according to the principles explained in the Article 10 of the Reserve Requirements Implementation Instruction titled "Remuneration for reserve requirements" to increase the share of Turkish lira in the participation funds in the banking system.

**c.1. Information on Banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic <sup>(*)</sup>	1.249.398	730.173	779.426	1.427.623
Abroad	-	1.408.577	-	1.206.297
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>1.249.398</b>	<b>2.138.750</b>	<b>779.426</b>	<b>2.633.920</b>

<sup>(\*)</sup> Includes blockaged amount TL 1.233.806 (December 31, 2020: 764.198) booked under TL accounts arising from POS transactions.

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

**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".

**2. Financial assets measured at fair value through profit or loss:**

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

As of September 30, 2021, nominal amounts subject to repurchase agreements is TL 28.260 (December 31, 2020: TL 1.451.613).

As of September 30, 2021, the collateralized /blocked nominal amount is TL 6.836 (December 31, 2020: TL 5.655).

**b. Financial assets measured at fair value through profit/loss**

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment fund participation certificates (Net) <sup>(*)</sup>	1.054.188	-	1.606.875	-
Sukuk	993.044	4.497.112	542.627	3.232.684
Equity Securities	-	13.193	-	10.774
Other	2.117	13.553	86	10.946
<b>Total</b>	<b>2.049.349</b>	<b>4.523.858</b>	<b>2.149.588</b>	<b>3.254.404</b>

<sup>(\*)</sup> Includes participation certificates of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu".

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

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

As of September 30, 2021, there is not any amount subject to repurchase agreements (December 31, 2020: TL 163.856).

As of September 30, 2021, the collateralized /blocked nominal amount is TL 99.011 (December 31, 2020: TL none).



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

**3. Information on financial assets measured at fair value through other comprehensive income (continued):**

**b. Detailed table of financial assets measured at fair value through other comprehensive income:**

	Current Period	Prior Period
<b>Debt Securities</b>	<b>564.333</b>	<b>1.142.096</b>
Quoted on a stock exchange	564.333	1.142.096
Unquoted	-	-
<b>Investment Funds</b>	<b>-</b>	<b>7.299</b>
Quoted on a stock exchange	-	-
Unquoted	-	7.299
<b>Share Certificates</b>	<b>19.078</b>	<b>16.864</b>
Quoted on a stock exchange	-	-
Unquoted	19.078	16.864
<b>Impairment Provision (-)</b>	<b>13.503</b>	<b>2.811</b>
<b>Total</b>	<b>569.908</b>	<b>1.163.448</b>

**4. Information on financial assets measured at amortised cost:**

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

As of September 30, 2021, there is not any amount subject to repurchase agreements (December 31, 2020: TL 421.831)

As of September 30, 2021, the collateralized/blocked nominal amount is TL 364.609 (December 31, 2020: TL 290.072)

**b) Information on related to government securities measured at amortised cost:**

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities <sup>(*)</sup>	5.231.801	3.224.800
<b>Total</b>	<b>5.231.801</b>	<b>3.224.800</b>

<sup>(\*)</sup> Consists of sukuk certificates issued by Ministry of Treasury and Finance of Turkey.

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

	Current Period	Prior Period
Debt Securities	5.231.801	3.224.800
Quoted on a stock exchange	5.231.801	3.224.800
Unquoted	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>5.231.801</b>	<b>3.224.800</b>

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

**ç) Movements of the financial investments measured at amortised cost:**

	Current Period	Prior Period
Balance at beginning of period	3.224.800	1.994.319
Foreign currency differences on monetary assets	329.690	424.544
Purchases during period <sup>(*)</sup>	3.151.694	1.740.999
Disposals through sales and redemptions <sup>(*)</sup>	(1.484.485)	(957.473)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	10.102	22.411
<b>Closing balance</b>	<b>5.231.801</b>	<b>3.224.800</b>

<sup>(\*)</sup> Represented on nominal values.

**5. Information on derivative financial assets**

**a) Table of positive differences related to derivative financial assets:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	387	-	5.725	-
Swap Transactions	24.667	3.861	7.959	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>25.054</b>	<b>3.861</b>	<b>13.684</b>	<b>-</b>

The Bank has not any derivative financial assets for hedging purposes. (December 31, 2020: None).

**6. Information on loans:**

**a. Information on all types of loans and advances given to shareholders and employees of the Bank:**

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	86.280	7.556	119.171	12.696
<i>Corporate shareholders</i>	82.448	7.556	114.657	12.346
<i>Real person shareholders</i>	3.832	-	4.514	350
Indirect loans granted to shareholders	950.144	63.934	818.807	34.537
Loans granted to employees	23.499	39.800	16.439	2.000
<b>Total</b>	<b>1.059.923</b>	<b>111.290</b>	<b>954.417</b>	<b>49.233</b>

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- I. Explanations and notes related to assets (continued):
6. Information on loans (continued):
- b. Information on standard loans and loans under close monitoring including restructured or rescheduled loans:
- 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	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
<b>Loans</b>	<b>42.448.350</b>	<b>1.858.960</b>	<b>718.155</b>	<b>510.787</b>
Export loans	3.215.805	12.145	-	-
Import loans	3.060.867	43.344	-	-
Business loans	18.827.367	1.630.233	535.725	510.787
Consumer loans	3.968.905	57.128	101	-
Credit cards	590.329	3.786	270	-
Loans given to financial sector	1.407.115	-	-	-
Other <sup>(*)</sup>	11.377.962	112.324	182.059	-
<b>Other receivables</b>	-	-	-	-
<b>Total</b>	<b>42.448.350</b>	<b>1.858.960</b>	<b>718.155</b>	<b>510.787</b>

<sup>(\*)</sup> Details of other loans are provided below:

Commercial loans with installments	3.161.185
Other investment credits	2.135.907
Loans given to abroad	2.580.782
Profit and loss sharing investments <sup>(**)</sup>	3.386.829
Loans for purchase of marketable securities for customer	368.471
Other	39.171
<b>Total</b>	<b>11.672.345</b>

<sup>(\*\*)</sup> As of September 30, 2021, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of September 30, 2021, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss based on December 31, 2020 valuation studies. Total cumulative valuation profit is TL 271.089 and valuation loss is TL 47.112 for profit and loss sharing investments.

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

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
<b>Loans</b>	<b>36.496.372</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>
Export loans	2.135.811	7.051	-	-
Import loans	2.767.225	26.060	29.495	-
Business loans	16.728.565	1.471.553	825.171	676.532
Consumer loans	3.783.301	60.337	15.812	-
Credit cards	452.169	2.326	-	-
Loans given to financial sector	1.625.242	-	-	-
Other <sup>(*)</sup>	9.004.059	50.256	309.957	39.608
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>36.496.372</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>

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

Commercial loans with installments	2.315.066
Other investment credits	1.168.616
Loans given to abroad	2.397.739
Profit and loss sharing investments <sup>(**)</sup>	3.200.820
Loans for purchase of marketable securities for customer	301.110
Other	20.529
<b>Total</b>	<b>9.403.880</b>

(\*\*) As of December 31, 2020, the related balance represents profit and loss sharing investment projects (7 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of December 31, 2020, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 94.353 for 2020 (TL 97.309 valuation profit, TL 2.956 valuation loss) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 271.089 and valuation loss is TL 61.985 for profit and loss sharing investments.

- 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	124.871	-
Significant Increase in Credit Risk	-	147.255
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	159.543	-
Significant Increase in Credit Risk	-	425.114

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**I. Explanations and notes related to assets (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:**

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Consumer loans-TL</b>	<b>39.224</b>	<b>3.960.394</b>	<b>3.999.618</b>
Housing loans	14.544	3.417.613	3.432.157
Vehicle loans	12.363	372.774	385.137
Consumer loans	12.317	170.007	182.324
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>9.758</b>	<b>9.758</b>
Housing loans	-	1.305	1.305
Vehicle loans	-	-	-
Consumer loans	-	8.453	8.453
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>146.892</b>	<b>114</b>	<b>147.006</b>
With installment	50.142	102	50.244
Without installment	96.750	12	96.762
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>14.683</b>	<b>2.075</b>	<b>16.758</b>
Housing loans	-	760	760
Vehicle loans	41	1.218	1.259
Consumer loans	14.642	97	14.739
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>6.721</b>	<b>20</b>	<b>6.741</b>
With installment	3.204	20	3.224
Without installment	3.517	-	3.517
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>207.520</b>	<b>3.972.361</b>	<b>4.179.881</b>

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

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

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Consumer loans-TL</b>	<b>42.891</b>	<b>3.804.906</b>	<b>3.847.797</b>
Housing loans	13.476	3.272.095	3.285.571
Vehicle loans	10.696	403.853	414.549
Consumer loans	18.719	128.958	147.677
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>-</b>	<b>892</b>	<b>892</b>
Housing loans	-	892	892
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>116.069</b>	<b>214</b>	<b>116.283</b>
With installment	41.698	203	41.901
Without installment	74.371	11	74.382
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>8.595</b>	<b>2.166</b>	<b>10.761</b>
Housing loans	-	445	445
Vehicle loans	98	1.612	1.710
Consumer loans	8.497	109	8.606
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>5.658</b>	<b>20</b>	<b>5.678</b>
With installment	2.842	20	2.862
Without installment	2.816	-	2.816
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>173.213</b>	<b>3.808.198</b>	<b>3.981.411</b>

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

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>227.498</b>	<b>2.443.562</b>	<b>2.671.060</b>
Business loans	11.599	531.329	542.928
Vehicle loans	184.345	1.526.501	1.710.846
Consumer loans	31.554	385.732	417.286
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>3.386</b>	<b>486.739</b>	<b>490.125</b>
Business loans	-	81.989	81.989
Vehicle loans	3.386	282.763	286.149
Consumer loans	-	121.987	121.987
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>437.881</b>	<b>2.487</b>	<b>440.368</b>
With installment	140.330	2.200	142.530
Without installment	297.551	287	297.838
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>668.765</b>	<b>2.932.788</b>	<b>3.601.553</b>

  

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>168.471</b>	<b>1.764.204</b>	<b>1.932.675</b>
Business loans	6.845	442.011	448.856
Vehicle loans	118.689	990.948	1.109.637
Consumer loans	42.937	331.245	374.182
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>115.144</b>	<b>115.144</b>
Business loans	-	65.599	65.599
Vehicle loans	-	9.475	9.475
Consumer loans	-	40.070	40.070
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>1.108</b>	<b>266.139</b>	<b>267.247</b>
Business loans	391	96.700	97.091
Vehicle loans	717	117.604	118.321
Consumer loans	-	51.835	51.835
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>331.662</b>	<b>872</b>	<b>332.534</b>
With installment	108.231	825	109.056
Without installment	223.431	47	223.478
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>501.241</b>	<b>2.146.359</b>	<b>2.647.600</b>

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**I. Explanations and notes related to 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	42.955.470	37.612.791
Foreign loans	2.580.782	2.397.739
<b>Total</b>	<b>45.536.252</b>	<b>40.010.530</b>

**g. Loans granted to subsidiaries and associates:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Subsidiaries and Associates	-	-	3	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>

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

	Current Period	Prior Period
Loans with limited collectability	16.823	133.510
Loans with doubtful collectability	239.439	92.404
Uncollectible loans	1.505.525	1.022.036
<b>Total</b>	<b>1.761.787</b>	<b>1.247.950</b>

Specific provisions in the amount of TL 1.761.787 (December 31, 2020: TL 1.247.950) comprise TL 682.249 (December 31, 2020: TL 441.674) 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
<b>Current period</b>			
Gross amount before specific provisions	183	1.675	111.464
Restructured loans	183	1.675	111.464
<b>Prior Period</b>			
Gross amount before specific provisions	-	2.074	80.452
Restructured loans	-	2.074	80.452



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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Current Period</b>			
<b>Closing balance of prior period</b>	<b>193.865</b>	<b>240.360</b>	<b>1.611.051</b>
Additions in the current period (+)	100.823	178.592	930.605
Transfers from other categories of non-performing loans (+)	-	236.807	307.219
Transfers to other categories of non-performing loans (-)	236.807	307.219	-
Collections in the current period (-)	16.664	35.526	296.759
Transfers to standard loans and write off(-) <sup>(*)</sup>	4.580	3.115	135.629
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>36.637</b>	<b>309.899</b>	<b>2.416.487</b>
Provisions (-)	16.823	239.439	1.505.525
<b>Net balance at the balance sheet</b>	<b>19.814</b>	<b>70.460</b>	<b>910.962</b>

<sup>(\*)</sup> According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 7.978 and the written off amount is TL 135.346. These transactions' impact to NPL ratio is 28 basis point. As stated in Note VII "Expected Credit Losses", The Bank has reclassified TL 1.092.914 as performing loans classified as non-performing loans before July 31,2020 by approximation. As of September 30, 2021, the Bank has continued to classify TL 31.682 of these loans in performing loans accounts and allocate provisions amounting to TL 1.777 for them.

Non-performing loans in the amount of TL 2.763.023 comprise TL 1.244.960 of participation account share of loans provided from participation accounts.

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectable loans and receivables</b>
<b>Prior Period</b>			
<b>Closing balance of prior period</b>	<b>466.434</b>	<b>319.648</b>	<b>1.435.641</b>
Additions in the current period (+)	818.060	353.978	485.668
Transfers from other categories of non-performing loans (+)	-	962.814	1.067.134
Transfers to other categories of non-performing loans (-)	962.814	1.067.134	-
Collections in the current period (-)	58.691	132.195	417.445
Transfers to standard loans and write off(-) <sup>(*)</sup>	69.124	196.751	959.947
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other <sup>(**)</sup>	-	-	-
<b>Closing balance of the current period</b>	<b>193.865</b>	<b>240.360</b>	<b>1.611.051</b>
Specific provisions (-)	133.510	92.404	1.022.036
<b>Net balance at the balance sheet</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>

<sup>(\*)</sup>According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 1.172.677 and the written off amount is TL 53.145. These transactions' impact to NPL ratio is 289 basis point. As stated in Note VII "Expected Credit Losses", The Bank has reclassified TL 1.092.914 as performing loans classified as non-performing loans before July 31,2020 by approximation. As of December 31, 2020, the Bank has continued to classify TL 603.718 of these loans in performing loans accounts and allocate provisions amounting to TL 324.619 for them.

Non-performing loans in the amount of TL 2.045.276 comprise TL 875.152 of participation account share of loans provided from participation accounts.

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Current period:</b>			
Period end balance	4.190	186.370	569.235
Provision (-)	2.578	163.488	477.945
<b>Net balance</b>	<b>1.612</b>	<b>22.882</b>	<b>91.290</b>
<b>Prior period:</b>			
Period end balance	147.246	57.915	403.144
Specific provision (-)	113.479	36.969	352.207
<b>Net balance</b>	<b>33.767</b>	<b>20.946</b>	<b>50.937</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Current period (net)</b>	<b>19.814</b>	<b>70.460</b>	<b>910.962</b>
Loans to individuals and corporates (gross)	36.637	309.899	2.416.487
Provision (-)	16.823	239.439	1.505.525
<b>Loans to individuals and corporates (net)</b>	<b>19.814</b>	<b>70.460</b>	<b>910.962</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (net)<sup>(*)</sup></b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>
Loans to individuals and corporates (gross)	193.865	240.360	1.611.051
Specific provision (-)	133.510	92.404	1.022.036
<b>Loans to individuals and corporates (net)</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
<b>Other loans and receivables (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
<b>Current Period (Net)</b>	<b>2.852</b>	<b>19.707</b>	<b>308.957</b>
Profit Share Accruals and Valuation Differences	6.869	19.880	607.448
Provision (-)	4.017	173	298.491
<b>Prior Period (Net)</b>	<b>10.116</b>	<b>43.507</b>	<b>139.389</b>
Profit Share Accruals and Valuation Differences	17.782	48.384	264.252
Provision (-)	7.666	4.877	124.863

**i. Liquidation policy for uncollectible 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	148.952	139.155	84.351	75.566
1 to 4 years	428.207	387.249	281.824	261.742
More than 4 years	45.627	41.623	27.587	22.841
<b>Total</b>	<b>622.786</b>	<b>568.027</b>	<b>393.762</b>	<b>360.149</b>

**b. Information on net investments through finance lease:**

	Current Period	Prior Period
Financial lease receivables (Gross)	622.786	393.762
Unearned financial lease receivable (-)	54.759	33.613
<b>Net receivable from financial leases</b>	<b>568.027</b>	<b>360.149</b>

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

**c. General explanation on finance lease contracts:**

Finance lease contracts are realized in accordance with the related articles of Finance Lease, Factoring and Financing Companies Act numbered 6361. There are no restrictions due to finance lease contracts, no renewals or contingent rent payments that materially affect the financial statements.

Information on leasing receivables:

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
			Loans with Revised Contract Terms	Refinancing
<b>Current Period</b>				
Financial lease receivables (Net)	530.745	30.145	7.137	-
<b>Prior Period</b>				
Financial lease receivables (Net)	338.708	2.709	18.732	-

**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	131.050	124.480
Additions	189.597	248.530
Disposals	(63.879)	(142.005)
Transfers <sup>(*)</sup>	(71.720)	(98.357)
Impairment Provision(-)/Reversal of Impairment Provision <sup>(*)</sup>	(44.755)	(1.598)
<b>Net closing balance</b>	<b>140.293</b>	<b>131.050</b>

<sup>(\*)</sup>The transfers and impairments related to the transfers (if any) have been moved to assets to be sold under tangible assets.

As of September 30, 2021, TL 139.924 (December 31, 2020: TL 131.042) of the assets held for sale is comprised of real estates, TL 369 (December 31, 2020: TL 8) is comprised of other tangible assets. The Bank has not any discontinued operations and assets of discontinued operations.

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

**9. Ownership investments:**

**a. Associates:**

**a.1. Information on unconsolidated associates:**

As of balance sheet date, the Bank does not have any unconsolidated associates.

**a.2. Information on consolidated associates:**

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

**b. Information on subsidiaries (net):**

**b1. Information on unconsolidated non financial subsidiaries:**

As of balance sheet date, the Bank does not have any non financial subsidiaries.

**b2. Information on consolidated subsidiaries:**

Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş., the purpose of which are to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. have been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on "Principles Related to Rent Certificates and Asset Leasing Companies" dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Turkey and other related regulations. The founding capital of each company is TL 50. As of September 30, 2021, the capital of each company is TL 50.

i. The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from unreviewed financial statements as of September 30, 2021.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
5.630.198	160	-	-	-	(13)	113	-

ii. The balances of Değer Varlık Kiralama A.Ş. presented in the table below have been obtained from unreviewed financial statements as of September 30, 2021.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Değer Varlık Kiralama A.Ş.	İstanbul / Türkiye	100,00	-

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

**b2. 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
51	50	-	-	-	-	-	-

iii. In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş." whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. As of September 30, 2021, the capital of the company is TL 45.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from unreviewed financial statements as of September 30, 2021.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
71.445	67.960	1.125	-	-	20.328	396	-

iv. As of September 30, 2021 unreviewed financial statements of the Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" is as follows;

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
€ 1.045.817	€ 341.098	-	-	-	€ (296.445)	€ (2.298.239)	-

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

**v. Movement and sectoral information on consolidated subsidiaries:**

	Current Period	Prior Period
Amount at the beginning of the period	23.411	23.711
Movements inside the term	-	(300)
<i>Purchases/new incorporations/capital increases/capital decreases (-)</i>	-	(300)
<i>Bonus shares</i>	-	-
<i>Profit received from current year share</i>	-	-
<i>Sales</i>	-	-
<i>Revaluation increases</i>	-	-
<i>Impairments</i>	-	-
Amount at the end of the period	23.411	23.411
Capital commitments	-	-
<b>Share of the capital at the end of the period (%)</b>	<b>100</b>	<b>100</b>

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	23.411	23.411

**c. Information on investments in joint-ventures:**

The Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") – a private pension and insurance company-through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financial data from unreviewed financial statements as of September 30, 2021 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	353.693	4.484.957	4.512.575	216.322	(174.346)

Investment in joint venture in the unconsolidated financial statements is carried at cost.

**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".

**11. Information on intangible 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".

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

**12. Information on investment property:**

None (December 31, 2020: None).

**13. Information related to deferred tax asset:**

As of September 30, 2021, the Bank calculated net deferred tax asset of TL 317.236 (December 31, 2020: TL 191.314) by netting off deferred tax asset of TL 415.281 (December 31, 2020: TL 277.217) and deferred tax liability of TL 98.045 (December 31, 2020: TL 85.903) 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.

	<b>Current Period</b>	<b>Prior Period</b>
Rediscount on profit share and prepaid fees and commission income and unearned revenues	71.402	46.315
Provisions for retirement premium and vacation pay liabilities	31.807	28.928
Difference between carrying value and tax base of tangible assets (amortisation differences)	44.848	33.517
Depreciation of tangible assets	51.086	42.304
Provisions for cases on trial	5.255	4.037
Provisions	31.070	63.397
Leasing profit share expenses	30.502	23.098
Other <sup>(*)</sup>	149.311	35.621
<b>Deferred tax asset</b>	<b>415.281</b>	<b>277.217</b>
Revaluation difference of property	23.370	24.803
Rediscount on profit share	9.991	9.333
Right of use assets	55.099	40.006
Derivative financial liabilities	5.783	2.737
Other	3.802	9.024
<b>Deferred tax liability</b>	<b>98.045</b>	<b>85.903</b>
<b>Deferred tax asset (net)</b>	<b>317.236</b>	<b>191.314</b>

(\*) Includes tax asset amounts to TL 135.075 calculated from net financial losses (December 31, 2020: TL 9.799). Since the Bank has projections on that it will acquire adequate taxable income to deduct these amounts in the coming periods, it has recognized TL 135.075 as deferred tax asset.

The timeout periods during which the financial losses subject to deferred tax are as follows:

	<b>Current Period</b>	<b>Prior Period</b>
The year of 2014	42.604	42.604
The year of 2016	544.678	-
<b>Total</b>	<b>587.282</b>	<b>42.604</b>

**14. Information on other assets:**

As of the balance sheet date, the Bank's other assets balance is TL 709.782 (December 31, 2020: TL 515.360) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.



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**II. Explanations and notes related to liabilities:**

**1. Information on funds collected:**

**a. Information on maturity structure of funds collected:**

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts</b>									
Non-Trade TL	3.181.357	-	-	-	-	-	-	-	3.181.357
<b>II. Real Persons Participation Accounts Non-Trade TL</b>									
III. Current Account other-TL	3.305.006	-	-	-	-	-	-	-	3.305.006
Public Sector	75.173	-	-	-	-	-	-	-	75.173
Commercial Institutions	3.038.209	-	-	-	-	-	-	-	3.038.209
Other Institutions	169.405	-	-	-	-	-	-	-	169.405
Commercial and Other Institutions	11.305	-	-	-	-	-	-	-	11.305
Banks and Participation Banks	10.914	-	-	-	-	-	-	-	10.914
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	10.898	-	-	-	-	-	-	-	10.898
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	700.847	3.058.065	227.749	-	114.502	209.663	5	4.310.831
Public Sector	-	15	1	-	-	-	-	-	16
Commercial Institutions	-	628.685	2.685.746	174.867	-	113.936	188.646	5	3.791.885
Other Institutions	-	71.864	363.017	1.012	-	566	21.017	-	457.476
Commercial and Other Institutions	-	283	1.551	1.453	-	-	-	-	3.287
Banks and Participation Banks	-	-	7.750	50.417	-	-	-	-	58.167
<b>V. Real Persons Current Accounts Non- Trade FC</b>	9.399.439	-	-	-	-	-	-	-	9.399.439
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	5.072.500	8.427.529	760.220	-	48.329	2.054.136	9.377	16.372.091
<b>VII. Other Current Accounts FC</b>	8.996.215	-	-	-	-	-	-	-	8.996.215
Residents in Turkey-Corporate	5.688.171	-	-	-	-	-	-	-	5.688.171
Residents Abroad-Corporate	2.335.149	-	-	-	-	-	-	-	2.335.149
Banks and Participation Banks	972.895	-	-	-	-	-	-	-	972.895
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	53	-	-	-	-	-	-	-	53
Foreign Banks	969.851	-	-	-	-	-	-	-	969.851
Participation Banks	2.991	-	-	-	-	-	-	-	2.991
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	952.489	4.811.664	210.799	-	112.188	27.733	1.177	6.116.050
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	697.836	4.210.612	206.135	-	98.785	27.700	1.177	5.242.245
Other institutions	-	80.583	38.094	9	-	-	-	-	118.686
Commercial and Other Institutions	-	174.070	120.451	4.655	-	-	33	-	299.209
Banks and Participation Banks	-	-	442.507	-	-	13.403	-	-	455.910
<b>IX. Precious Metals Deposits</b>	3.811.575	779.098	1.952.265	94.736	-	27.958	81.750	4.052	6.751.434
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>28.693.592</b>	<b>10.444.070</b>	<b>22.942.268</b>	<b>1.426.461</b>	<b>-</b>	<b>327.168</b>	<b>2.876.728</b>	<b>27.453</b>	<b>66.737.740</b>

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

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>1.992.760</b>	-	-	-	-	-	-	-	<b>1.992.760</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>2.463.568</b>	<b>4.087.946</b>	<b>153.137</b>	-	<b>26.584</b>	<b>499.675</b>	<b>12.971</b>	<b>7.243.881</b>
<b>III. Current Account other-TL</b>	<b>2.641.808</b>	-	-	-	-	-	-	-	<b>2.641.808</b>
Public Sector	105.782	-	-	-	-	-	-	-	105.782
Commercial Institutions	2.402.259	-	-	-	-	-	-	-	2.402.259
Other Institutions	114.555	-	-	-	-	-	-	-	114.555
Commercial and Other Institutions	9.858	-	-	-	-	-	-	-	9.858
Banks and Participation Banks	9.354	-	-	-	-	-	-	-	9.354
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	9.338	-	-	-	-	-	-	-	9.338
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>455.400</b>	<b>3.016.812</b>	<b>32.117</b>	-	<b>8.231</b>	<b>74.024</b>	-	<b>3.586.584</b>
Public Sector	-	27	108	-	-	-	-	-	135
Commercial Institutions	-	383.245	2.756.996	25.207	-	7.715	70.716	-	3.243.879
Other Institutions	-	71.921	258.159	6.910	-	516	3.308	-	340.814
Commercial and Other Institutions	-	207	1.521	-	-	-	-	-	1.728
Banks and Participation Banks	-	-	28	-	-	-	-	-	28
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>6.905.657</b>	-	-	-	-	-	-	-	<b>6.905.657</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>3.833.633</b>	<b>6.121.582</b>	<b>554.465</b>	-	<b>33.262</b>	<b>1.521.954</b>	<b>5.708</b>	<b>12.070.604</b>
<b>VII. Other Current Accounts FC</b>	<b>8.115.898</b>	-	-	-	-	-	-	-	<b>8.115.898</b>
Residents in Turkey- Corporate	5.966.305	-	-	-	-	-	-	-	5.966.305
Residents abroad- Corporate	1.657.861	-	-	-	-	-	-	-	1.657.861
Banks and Participation Banks	491.732	-	-	-	-	-	-	-	491.732
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	485.345	-	-	-	-	-	-	-	485.345
Participation Banks	6.387	-	-	-	-	-	-	-	6.387
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	<b>691.876</b>	<b>2.067.408</b>	<b>57.440</b>	-	<b>14.922</b>	<b>19.547</b>	<b>983</b>	<b>2.852.176</b>
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	578.194	1.863.815	51.626	-	7.183	16.155	983	2.517.956
Other Institutions	-	19.257	38.631	8	-	-	-	-	57.896
Commercial and Other Institutions	-	94.425	164.962	5.806	-	-	71	-	265.264
Banks and Participation Banks	-	-	-	-	-	7.739	3.321	-	11.060
<b>IX. Precious Metals Deposits</b>	<b>3.503.252</b>	<b>730.043</b>	<b>1.795.960</b>	<b>85.342</b>	-	<b>14.686</b>	<b>73.309</b>	<b>1.164</b>	<b>6.203.756</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools -FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+....+IX+X+XI)</b>	<b>23.159.375</b>	<b>8.174.520</b>	<b>17.089.708</b>	<b>882.501</b>	-	<b>97.685</b>	<b>2.188.509</b>	<b>20.826</b>	<b>51.613.124</b>

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

**b. Information on participation fund under the guarantee of insurance:**

**b.1. Under the guarantee of Insurance and Exceeding the limit of Insurance Fund:**

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

	Under the guarantee of Insurance	Under the guarantee of Insurance	Exceeding the guarantee of Insurance	Exceeding the guarantee of Insurance
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	5.865.438	4.996.232	5.621.236	4.241.399
Foreign currency accounts	7.060.134	6.815.438	24.564.013	17.579.364
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	134.671	101.643
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	19.314	17.468
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 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	-	1.098.494	-	2.211.237
Loans Obtained from Issued Lease Certificates (Sukuk)	5.629.981	-	4.242.982	-
Other	72.687	697.442	71.776	775.870
<b>Total</b>	<b>5.702.668</b>	<b>1.795.936</b>	<b>4.314.758</b>	<b>2.987.107</b>

**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	5.702.668	445.403	4.314.758	392.353
Loans from foreign banks, institutions and funds	-	1.350.533	-	2.594.754
<b>Total</b>	<b>5.702.668</b>	<b>1.795.936</b>	<b>4.314.758</b>	<b>2.987.107</b>

**a.3. Maturity analysis of funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	5.702.668	1.735.428	4.284.444	2.754.315
Medium and Long-Term	-	60.508	30.314	232.792
<b>Total</b>	<b>5.702.668</b>	<b>1.795.936</b>	<b>4.314.758</b>	<b>2.987.107</b>

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

The Bank does not have concentration on customer or sector group providing funds (December 31, 2020: None).

**3. Information on derivative financial liabilities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	1.103	-	3.850	-
Swap transactions	5.976	-	138.746	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>7.079</b>	<b>-</b>	<b>142.596</b>	<b>-</b>

The Bank has not any derivative financial liabilities for hedging purposes (December 31, 2020: None).

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

**4. Lease payables (Net):**

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	5.640	-	4.449	-
1 to 5 years	109.293	71	103.519	714
Over 5 years	205.215	13.528	206.716	12.997
<b>Total</b>	<b>320.148</b>	<b>13.599</b>	<b>314.684</b>	<b>13.711</b>

**5. Information on provisions:**

**a. Information on provisions for employee rights:**

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 141.632 (December 31, 2020: TL 120.932), vacation pay liability amounting to TL 15.134 (December 31, 2020: TL 13.709) totaling to TL 156.766 (December 31, 2020: TL 134.641). Provisions for performance premium have not been allocated in the current period (December 31, 2020: TL 10.000). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	12,40	12,40
Estimated increase rate of salary ceiling (%)	10,70	10,70

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

	Current Period	Prior Period
Prior period ending balance	120.932	85.961
Change in the period	29.754	23.365
Actuarial (gain)/loss	-	22.642
Paid during the period	(9.054)	(11.036)
<b>Balance at the end of the period</b>	<b>141.632</b>	<b>120.932</b>

**b. Other provisions:**

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	13.054	26.446
Provisions allocated from profit shares to be distributed to profit sharing accounts	426	-
Third stage expected loss provisions for unindemnified letter of guarantees	4.246	4.578
Third stage expected loss provisions for cheques commitments	3.923	3.717
Provisions for promotions related with credit cards and promotion of banking services	291	217
Provisions for cases on trial	26.275	20.183
Accrual for purchase and sale commitments	157	725
Other	761	736
<b>Total</b>	<b>49.133</b>	<b>56.602</b>

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

**5. Information on provisions (continued):**

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

As of September 30, 2021, there is not any provision for foreign exchange losses on foreign currency indexed loans and financial lease receivables (December 31, 2020: TL 1.325).

**6. Information on taxes payable:**

**a. Explanations on current tax liability:**

**a.1. Explanations on tax provisions:**

As of September 30, 2021, there is not any remaining tax liability after offsetting prepaid corporate tax (December 31, 2020: TL 10.912).

**a.2. Information on taxes payable:**

	Current Period	Prior Period
Corporate taxes payable	-	10.912
Banking insurance transaction tax	19.181	28.030
Taxation on securities income	16.845	14.122
Value added tax payable	1.125	1.673
Taxation on real estate income	636	548
Foreign exchange transaction tax	2.502	3.153
Income tax deducted from wages	11.485	10.482
Other	1.760	1.128
<b>Total</b>	<b>53.534</b>	<b>70.048</b>

**a.3. Information on premiums:**

	Current Period	Prior Period
Social security premiums-employee	6.238	5.568
Social security premiums-employer	6.897	6.164
Bank pension fund premium-employees	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employees	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	444	396
Unemployment insurance-employer	889	792
Other	-	-
<b>Total</b>	<b>14.468</b>	<b>12.920</b>

**7. Liabilities for assets held for sale and discontinued operations:**

None (December 31, 2020: None).

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of additional Tier I Capital	-	-	-	-
<i>Subordinated loans</i>	-	-	-	-
<i>Subordinated debt instruments</i>	-	-	-	-
Debt instruments to be included in calculation of Tier II Capital	-	2.135.430	-	1.732.562
<i>Subordinated loans</i>	-	2.135.430	-	1.732.562
<i>Subordinated debt instruments</i>	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.135.430</b>	<b>-</b>	<b>1.732.562</b>

The Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Limited amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,50 % for the first 5 years and 9.371% for the last 5 years (from May 2021). The Bank has repurchased the sukuk issued in the amount of USD 16.051.000 and this amount is offset in financial assets measured at fair value through other comprehensive income and subordinated loans.

The Bank has realized unmaturing additional Tier 1 Capital amount to USD 205.000.000 on February 20, 2018.

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

None (December 31, 2020: None).

**10. Information on shareholders' equity:**

**a. Presentation of paid-in capital:**

	Current Period	Prior Period
Common stock	1.350.000	900.000
Preferred stock	-	-

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

In the Board of Directors meeting dated February 28, 2013, the Bank has taken a resolution on transition to registered capital system. The application dated December 27, 2016 for the extension of the Registered Capital Ceiling to the Capital Markets Board was approved on January 10, 2017 and the registered capital ceiling was determined as TL 2.500.000 to be valid until December 31, 2021.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	1.350.000	2.500.000

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

There is no capital increase in the current period.

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

**10. Information on shareholders' equity (continued):**

**ç. Information on share capital increases from capital reserves during the current period:**

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

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

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

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

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

**f. Information on privileges given to stocks representing the capital:**

There are no privileges given to stocks representing the capital.

**g. Information on marketable securities valuation reserve:**

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference <sup>(*)</sup>	(20.104)	4.151	(1.500)	5.308
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(20.104)</b>	<b>4.151</b>	<b>(1.500)</b>	<b>5.308</b>

<sup>(\*)</sup> The amount represents the net balance after deferred tax calculation.

**ğ) Information on other capital reserves:**

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

The total coupon payment for the related transaction amounting to TL 468.589 (December 31, 2020: TL 310.576) has been recognized under prior years profit / loss.



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**III. Explanations and notes related to off-balance sheet:**

**1. Explanations on off balance sheet:**

**a. Type and amount of irrevocable loan commitments:**

	Current Period	Prior Period
Commitments for credit card limits	1.005.175	919.974
Payment commitments for cheques	814.030	667.621
Asset purchase and sale commitments	909.924	1.209.072
Loan granting commitments	587.597	429.887
Tax and funds liabilities arising from export commitments	15.258	13.538
Commitments for promotions related with credit cards and banking activities	350	398
Other irrevocable commitments	546	547
Other revocable commitments	25.500	4.000
<b>Total</b>	<b>3.358.380</b>	<b>3.245.037</b>

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

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

	Current Period	Prior Period
Letters of guarantees	10.581.618	9.202.929
Bank loans	85.826	49.363
Letters of credit	3.343.862	1.770.792
Other guaranties and sureties	73.005	98.747
<b>Total</b>	<b>14.084.311</b>	<b>11.121.831</b>

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

	Current Period	Prior Period
Letters of guarantees	10.581.618	9.202.929
<i>Long standing letters of guarantees</i>	<i>7.180.703</i>	<i>5.865.414</i>
<i>Temporary letters of guarantees</i>	<i>528.389</i>	<i>445.644</i>
<i>Advance letters of guarantees</i>	<i>653.400</i>	<i>551.308</i>
<i>Letters of guarantees given to customs</i>	<i>576.094</i>	<i>564.615</i>
<i>Letters of guarantees given for obtaining cash loans</i>	<i>1.643.032</i>	<i>1.775.948</i>
Sureties and similar transactions	73.005	98.747
<b>Total</b>	<b>10.654.623</b>	<b>9.301.676</b>

**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	1.643.032	1.775.948
<i>With original maturity of 1 year or less</i>	<i>495.906</i>	<i>445.879</i>
<i>With original maturity of more than 1 year</i>	<i>1.147.126</i>	<i>1.330.069</i>
Other non-cash loans	12.441.279	9.345.883
<b>Total</b>	<b>14.084.311</b>	<b>11.121.831</b>

**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".

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

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

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

**2. Explanations on derivative transactions:**

Not prepared in compliance with the Article 25 of the Communiqu  "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 Communiqu  "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 Bank has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

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**IV. Explanations and notes related to the statement of profit or loss:**

**1. Information on profit share income:**

**a. Information on profit share income received from loans:**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Profit share received from loans<sup>(*)</sup></b>				
Short Term Loans	643.602	133.380	344.709	92.257
Medium and Long Term Loans	1.444.583	528.771	1.071.429	598.015
Profit Share on Non-Performing Loans	87.971	3.279	84.960	2.820
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>2.176.156</b>	<b>665.430</b>	<b>1.501.098</b>	<b>693.092</b>

<sup>(\*)</sup> Includes fees and commission income on cash loans.

**b. Information on profit share income received from banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	92.845	-	6.813	-
Domestic Banks	256	-	198	387
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>93.101</b>	<b>-</b>	<b>7.011</b>	<b>387</b>

**c. Information on profit share income received from marketable securities:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit/loss	79.060	67.777	36.075	32.148
Financial assets measured at fair value through other comprehensive income	84.395	19.006	69.896	55.795
Financial assets measured at amortised cost	88.548	102.118	83.709	60.490
<b>Total</b>	<b>252.003</b>	<b>188.901</b>	<b>189.680</b>	<b>148.433</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	3.551	-	2.966	-
<b>Total</b>	<b>3.551</b>	<b>-</b>	<b>2.966</b>	<b>-</b>

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

**2. Explanations on profit share expenses:**

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

Current Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	-	67	417	-	-	-	-	484	
Real persons' non-trading profit sharing accounts	250.982	401.420	13.287	-	2.526	47.385	1.119	716.719	
Public sector profit sharing accounts	2	1	-	-	-	-	-	3	
Commercial sector profit sharing accounts	57.991	321.782	17.638	-	24.025	4.385	-	425.821	
Other institutions profit sharing accounts	6.163	39.520	408	-	55	1.013	-	47.159	
Total	315.138	762.790	31.750	-	26.606	52.783	1.119	1.190.186	
FC									
Banks	389	2.829	-	-	125	49	-	3.392	
Real persons' non-trading profit sharing accounts	39.542	69.016	6.503	-	466	20.286	40	135.853	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	6.168	40.156	2.603	-	1.924	234	12	51.097	
Other institutions profit sharing accounts	1.163	1.801	74	-	-	-	-	3.038	
Precious metals deposits	1.268	4.093	210	-	91	297	9	5.968	
Total	48.530	117.895	9.390	-	2.606	20.866	61	199.348	
Grand total	363.668	880.685	41.140	-	29.212	73.649	1.180	1.389.534	
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	-	3	166	-	-	-	-	169	
Real persons' non-trading profit sharing accounts	167.290	319.013	13.150	-	2.294	32.562	848	535.157	
Public sector profit sharing accounts	3	5	-	-	-	-	-	8	
Commercial sector profit sharing accounts	26.023	111.964	8.186	-	3.667	3.749	8	153.597	
Other institutions profit sharing accounts	1.918	9.503	141	-	32	206	-	11.800	
Total	195.234	440.488	21.643	-	5.993	36.517	856	700.731	
FC									
Banks	1.102	3.193	2.147	-	45	2	-	6.489	
Real persons' non-trading profit sharing accounts	22.642	37.312	3.675	-	290	13.095	14	77.028	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	3.787	14.712	714	-	51	153	6	19.423	
Other institutions profit sharing accounts	433	1.808	105	-	-	1	-	2.347	
Precious metals deposits	466	1.468	45	-	17	92	1	2.089	
Total	28.430	58.493	6.686	-	403	13.343	21	107.376	
Grand total	223.664	498.981	28.329	-	6.396	49.860	877	808.107	

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

**2. Explanations on profit share expenses (continued):**

**b. Information on profit share expense paid to funds borrowed:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	157	36.843	297	43.651
CBRT	-	-	-	-
Domestic banks	-	1.304	-	2.966
Foreign banks	157	35.539	297	40.685
Head offices and branches abroad	-	-	-	-
Other institutions	725.805	153.430	201.182	140.613
<b>Total</b>	<b>725.962</b>	<b>190.273</b>	<b>201.479</b>	<b>184.264</b>

**c. Profit share expense paid to associates and subsidiaries:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to investments in associates and subsidiaries	719.153	-	195.592	-
<b>Total</b>	<b>719.153</b>	<b>-</b>	<b>195.592</b>	<b>-</b>

**ç. Profit share expenses paid to marketable securities issued:**

None (September 30, 2020: None).

**3. The Other Items in Net Fees and Commission Income / Expenses, which constitute at least 20% of the total of other items, if the total of other items in income statement exceed 10% of the total of income statement:**

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	49.966	34.251
Clearing room fees and commissions	51.041	25.716
Commissions on money orders	37.396	20.666
Appraisal fees	10.490	13.217
Insurance and brokerage commissions	18.893	17.897
Checks and bills commissions	3.614	2.516
Safe deposit box commissions	2.411	1.872
Service pack commissions	9.048	2
Enquiry fees received	1.624	5.510
Fees and commissions from correspondent banks	3.258	1.507
Export credit commissions	6.651	2.237
Prepaid import commissions	33.063	4.983
Pledge Put and Mortgage Release Fees	2.044	13.517
Loan Limit Allocation Fees	16.203	3.190
Other	38.420	36.518
<b>Total</b>	<b>284.122</b>	<b>183.599</b>

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	7.407	5.795
Credit cards fees and commissions	26.224	17.567
Member firm-POS fees and commissions	26.486	21.648
Fees and commissions for Swift, EFT and money orders	49.940	14.808
Required Reserves Commissions for CBRT in Foreign currency	1.225	45.327
Other	13.065	13.125
<b>Total</b>	<b>124.347</b>	<b>118.270</b>

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

**4. Information on dividend income:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	52	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>52</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Current Period	Prior Period
<b>Income</b>	<b>22.120.673</b>	<b>14.174.960</b>
Income from capital market transactions	37.493	51.733
Income from derivative financial instruments	122.513	161.071
Foreign exchange income	21.960.667	13.962.156
<b>Loss (-)</b>	<b>22.315.617</b>	<b>14.001.642</b>
Loss on capital market transactions	148.258	25.072
Loss on derivative financial instruments	207.106	73.350
Foreign exchange losses	21.960.253	13.903.220
<b>Trading Income/Loss (net)</b>	<b>(194.944)</b>	<b>173.318</b>

**6. Explanations related to other operating income:**

	Current Period	Prior Period
Reversal of prior year provisions	696.211	408.070
Income from sale of assets	94.106	42.677
Communication revenue	15.232	10.473
Cheque book charges	2.155	1.532
Operating Lease Income	2.484	2.254
Other income	7.485	6.169
<b>Total</b>	<b>817.673</b>	<b>471.175</b>

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

**7. Informations on Expected Credit Losses:**

	Current Period	Prior Period
<b>Expected Credit Loss</b>	<b>724.636</b>	<b>891.175</b>
12 month expected credit loss (stage 1)	18.609	95.149
Significant increase in credit risk (stage 2)	19.451	327.637
Non-performing loans (stage 3)	686.576	468.389
<b>Marketable Securities Impairment Expense</b>	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
<b>Impairment Provision for Associates, Subsidiaries and Joint Ventures</b>	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
<b>Other (*)</b>	<b>452</b>	<b>22.814</b>
<b>Total</b>	<b>725.088</b>	<b>913.989</b>

Expected credit losses amount to TL 725.088 (September 30, 2020: TL 913.989) includes TL 342.215 (September 30, 2020: TL 428.553) representing participation account share of expected credit losses of loans provided from participation accounts.

(\*) Details of the "other" amount is as follows:

	Current Period	Prior Period
Expected credit losses for 1st and 2nd group non-cash loans	195	4.186
Third stage expected loss provision for unindemnified non cash loans	-	-
Expected credit losses (stage 1) for banks	-	18.358
Profit and loss sharing investments' fair value provision.	-	-
Expected credit losses (stage 1) for other financial assets.	218	270
Expected credit losses for financial assets measured at amortized cost	39	-
Vacation pay provision expenses(**)	1.425	-
Provisions allocated for financial assets measured at fair value through profit/loss	-	-
(**)	3.528	858
Provisions for cases on trial (**)	6.093	4.353
Provisions allocated from profit shares to be distributed to profit sharing accounts(**)	1.973	-
<b>Total</b>	<b>13.471</b>	<b>28.025</b>

(\*\*) Represented under "other provision expenses" in the income statement.

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

**8. Information on other operating expenses:**

	Current Period	Prior Period
Provision for retirement pay liability	20.700	15.300
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	83.854	83.008
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	23.312	14.265
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	46.481	-
Other business expenses	131.871	136.556
<i>Leasing Expenses on TFRS 16 Exceptions</i>	4.052	1.173
<i>Maintenance and repair expenses</i>	25.421	22.886
<i>Advertisement expenses</i>	2.839	4.177
<i>Other expenses<sup>(*)</sup></i>	99.559	108.320
Loss on sale of assets	1.040	1.256
Other <sup>(**)</sup>	193.719	154.653
<b>Total</b>	<b>500.977</b>	<b>405.038</b>

*(\*) The details of the "Other Expenses" balance under Other Operating Expenses are as follows:*

	Current Period	Prior Period
Communication Expenses	27.072	19.977
Donations	6.637	12.357
Cleaning expenses	17.066	17.103
Heating, lighting and water expenses	11.292	12.302
Representation and Hosting expenses	5.796	4.830
Vehicle expenses	4.554	3.895
Lawsuit and court expenses	2.468	2.071
Movables Insurance Expenses	3.700	3.675
Stationery Expenses	2.106	2.179
Expense Share for Common Expenses	1.725	2.165
Group transportation costs	6.607	5.643
Other	10.536	22.123
<b>Total</b>	<b>99.559</b>	<b>108.320</b>

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	86.237	79.006
Taxes, Duties, Charges and Funds	62.740	42.547
Expertise and Information Expenses	14.548	17.069
Audit and Consultancy Fees	9.621	6.419
Institution and Union participation share	9.722	8.126
Other	10.851	1.486
<b>Total</b>	<b>193.719</b>	<b>154.653</b>



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

**9. Explanations on income/loss from continued and discontinued 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 Bank has no discontinued operations, there is no tax provision for this purpose.

As of September 30, 2021, the Bank has deferred tax income amounts to TL 286.851 (September 30, 2020: TL 214.255) and deferred tax expense amounts to TL 260.890 (September 30, 2020: TL 254.890). There is not any current tax provision (September 30, 2020: none).

**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 Bank’s performance for the period:**

None.

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

None.

**V. Explanations and notes related to the statement of changes in shareholders’ equity:**

Not prepared in compliance with the 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 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 Bank:**

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

**a. Current period:**

Risk Group of the Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans</b>						
Balance at the beginning of the period	6	53	818.807	34.537	187	-
Balance at the end of the period	-	72	950.144	63.934	-	-
<b>Profit share and commission income received</b>	-	-	<b>33.733</b>	<b>73</b>	-	-

**b. Prior period:**

Risk Group of the Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	53	5	632.926	27.308	27	-
Balance at end of period	6	53	818.807	34.537	187	-
<b>Profit share and commission income received</b>	-	-	<b>23.957</b>	<b>158</b>	<b>7</b>	-

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

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

Risk Group of the Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	35.342	20.935	271.125	831.442	12.518	11.073
Balance at the end of period	40.806	35.342	744.710	271.125	16.644	12.518
<b>Profit share expense</b>	<b>3</b>	<b>333</b>	<b>3</b>	<b>2.510</b>	<b>125</b>	<b>190</b>

<sup>(\*)</sup> As of September 30, 2021, wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 35.768.460 and EUR 22.800.000 (December 31, 2020: USD 52.297.028 and EUR 146.469.895). The profit share expense relating to such borrowings for the period between January 1, 2021 – September 30, 2021 is TL 18.497 (September 30, 2020: TL 5.980).

USD 155 million of the additional Tier I capital amounting to USD 205 million, which was realized on February 20, 2018, belongs to Albaraka Banking Group, the main shareholder of the company. The related amount is accounted under other capital reserves in the financial statements.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
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**VII. Explanations related to the risk group of the Bank (continued):**

- 1. Information on the volume of transactions relating to the Bank's risk group, outstanding loans and funds collected and income and expenses related to the period (continued):**

**c.2. Information on forward and option agreements and other similar agreements with related parties:**

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

As of September 30, 2021, the Bank has paid TL 11.572 (September 30, 2020: TL 11.882) to top management.

**VIII. Explanations related to 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:**

As per the decision taken by Board of Directors, it is determined that The Bank to issue sukuk to obtain Tier II Capital up to USD 250.000.000 from overseas investors, in conformity with Basel III Criteria with minimum 10 years maturity and to consult to international banks for their agency and appointment.

**X. Other issues that have significant effect on the balance sheet or that are ambiguous and/or open to interpretation and require clarification:**

None.

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**SECTION SIX**

**Limited review report**

**I. Explanations on limited review report:**

The Bank's unconsolidated financial statements as of and for the period ended September 30, 2021 have been reviewed by "Gney Baėımsız Denetim ve Serbest Muhasebeci Mali Mavirlik A.." (the member of the Ernst & Young Global Ltd.) and the reviewed report dated November 5, 2021 is presented at the beginning of the financial statements and related notes.

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

None.

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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 62,12%, share of the domestic partners is 0,96% and publicly held share is 36,92%. 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 more than 100 countries from Singapore to England, South Africa to Morocco, Australia to Kazakhstan, by the wide correspondent net it has established with over the 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 September 30, 2021.

<b>Shareholders' Structure of Albaraka Türk as of September 30, 2021</b>		
	<b>Share amount (TL)</b>	<b>Ratio (%)</b>
<b>Foreign Shareholders</b>	<b>838.604</b>	<b>62,12</b>
Albaraka Banking Group	489.961	36,29
Islamic Development Bank	207.585	15,38
Alharthy Family	105.861	7,84
Others	35.197	2,61
<b>Local Shareholders</b>	<b>13.020</b>	<b>0,96</b>
<b>Publicly Listed</b>	<b>498.376</b>	<b>36,92</b>
<b>Total</b>	<b>1.350.000</b>	<b>100,00</b>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
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**Information on Interim Report (continued):**

**3. The amendments in the articles of association during period of January 1, 2021 - September 30, 2021**

Due to the expiration of the registered capital ceiling permit granted by the Board, the Amendment Text of the Articles of Association was approved by the Capital Markets Board and submitted to the General Assembly of our Bank dated March 31, 2021. The old and new text of the related Articles of Association are presented below.

OLD TEXT	NEW TEXT
<p><b>Bank's Capital</b>  <b>Article 7:</b></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.</p>	<p><b>Bank's Capital</b>  <b>Article 7:</b></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 2021-2025. Even if the upper limit of the registered capital is not reached until the end of 2025, in order to make a decision by the Board of Directors to increase the share capital after 2025, it is obligatory to obtain authorization for a new time period not to exceed 5 (five) years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system.</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</p>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
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**Information on Interim Report (continued):**

**4. Branch and Personnel Information:**

As of September 30, 2021, total number of branches of the Bank is 230 and the total number of personnel is 3.233. Albaraka Türk carries out its activities with 228 domestic branches extended throughout the country and 2 branches abroad in Erbil and Baghdad.

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

Name and surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Mazin Khairy Shaker MANNA	Chairman of BOD	Bachelor	2021	30
Melikşah UTKU	Member of BOD	Master	2021	17
Ghassan AMODI	Independent Member of BOD	Bachelor	2020	27
Mustafa BÜYÜKABACI	Member of BOD	Master	2017	29
Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	2020	11
Prof.Dr. Kemal VAROL	Member of BOD	Doctorate	2013	12
Mehmet Ali GÖKCE	Independent Member of BOD	Master	2020	35
Houssein BEN HAJ AMOR	Member of BOD	Bachelor	2020	22
Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	2020	28

(\*) Mr. Adnan Ahmed Yusuf Abdulmalek, who has been serving as a Board Member and Chairman of the Board of Directors of our Bank since 2005, resigned from his duties in our Bank as of 30.03.2021.

(\*) Mr. Ibrahim Fayez Humaid Alshamsi joining our Bank's Board of Directors in 2005 resigned from Board of Directors and all other duties as of 31.08.2021.

(\*) It has been decided that the resignation letter submitted by our Bank's Board of Director's Member and Deputy Chairman, Süleyman Kalkan, from his duties at our Bank as of 13.10.2021 was accepted, and the signing authority granted to him to represent and bind our Bank was cancelled.

(\*) It has been decided that Melikşah UTKU is temporarily elected to the Board of Directors to fill the vacancy as a Member, pursuant to the Turkish Commercial Code, Article 363/1 and our Bank's Articles of Association.

**6. Top Management:**

Name and Surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Malek Khodr TEMSAH	Member of Board of Directors and Acting General Manager	Master	2017	18
Turgut SİMİTCİOĞLU	Senior Assistant General Manager	Master	2017	31
Süleyman ÇELİK	Assistant General Manager	Bachelor	2017	32
Fatih BOZ	Assistant General Manager	Master	2017	23
Hasan ALTUNDAĞ	Assistant General Manager	Bachelor	2017	34
Mustafa ÇETİN	Assistant General Manager	Bachelor	2018	24
Volkan EVCİL	Assistant General Manager	Bachelor	2017	31
Mehmet Fatih YORULMAZ	Assistant General Manager	Master	2017	4
Yasemin AYDIN	Director	Master	2020	19
Mehmet ULUDAĞ	Director	Master	2020	17

(\*) On 13.10.2021, it has been decided that, in addition to his current duties at our Bank, Malek Khodr Temsah, the Assistant General Manager in charge of Treasury and Financial Institutions, shall be appointed as Acting General Manager, with power to exercise all duties, authorities and responsibilities, including the Membership on Credit Committee, for execution of the position of General Manager. Malek Khodr TEMSAH shall use his first-degree signing authority also with the title, Acting General Manager.

**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	17	16	14	Master	Internal Audit
Umut ÇAKMAK	17	16	17	Bachelor	Risk Management
Ahmet Faruk DEĞİRMENÇİ	14	14	14	Bachelor	Internal Control
Ahmet KOÇ	25	25	11	Bachelor	Legislation and Compliance

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**Information on Interim Report (continued):**

**8. Committee Information After Distribution of Roles Among BOD:**

<b>AUDIT COMMITTEE</b>	
<b>Chairman:</b>	Mustafa BÜYÜKABACI
<b>Member:</b>	Mehmet Ali GÖKCE
<b>Member:</b>	Housseem BEN HAJ AMOR
<b>CREDIT COMMITTEE:</b>	
<b>Chairman:</b>	Mazin Khairy Shaker MANNA
<b>Member:</b>	Prof. Dr. Kemal VAROL
<b>Member:</b>	Malek Khodr TEMSAH
<b>Reserve Member:</b>	Mohamed Ali CHATTI
<b>Reserve Member:</b>	Housseem BEN HAJ AMOR
<b>CORPORATE GOVERNANCE COMMITTEE:</b>	
<b>Member:</b>	Mansur ÇELEPKOLU
<b>REMUNERATION COMMITTEE:</b>	
<b>Chairman:</b>	Mazin Khairy Shaker MANNA
<b>Member:</b>	Mustafa BÜYÜKABACI
<b>SUSTAINABILITY AND SOCIAL RESPONSIBILITY COMMITTEE:</b>	
<b>Chairman:</b>	Mehmet Ali GÖKCE
<b>Member:</b>	Mohamed Ali CHATTI
<b>EXECUTIVE COMMITTEE:</b>	
<b>Vice Chairman:</b>	Mazin Khairy Shaker MANNA
<b>Member:</b>	Mustafa BÜYÜKABACI
<b>Member:</b>	Mehmet Ali GÖKCE
<b>Member:</b>	Prof. Dr. Kemal VAROL
<b>INFORMATION TECHNOLOGIES GOVERNANCE COMMITTEE</b>	
<b>Member:</b>	Hood Hashem Ahmed HASHEM



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**Information on Interim Report (continued):**

**II. Banks Financial Information and Evaluations:**

**1. Main Financial Figures:**

<b>ASSETS</b>	<b>Current Period</b>	<b>Prior Period</b>
Cash and Balances with The Central Bank	18.538.395	13.235.008
Banks	3.388.148	3.413.346
Financial Assets- Available For Sale (Net)	10.902.414	8.044.738
Loans and Receivables	48.299.275	42.055.806
Financial Leasing Receivables	568.027	360.149
Others	2.036.007	2.206.752
<b>TOTAL ASSETS</b>	<b>83.732.266</b>	<b>69.315.799</b>
<b>LIABILITIES</b>	<b>Current Period</b>	<b>Prior Period</b>
Funds Collected	66.737.740	51.613.124
Funds Borrowed	7.498.604	7.301.865
Subordinated Loans	2.135.430	1.732.562
Shareholders' Equity	4.060.707	4.044.227
Others	3.299.785	4.624.021
<b>TOTAL LIABILITIES</b>	<b>83.732.266</b>	<b>69.315.799</b>
<b>INCOME AND EXPENSE ITEMS</b>	<b>Current Period</b>	<b>Prior Period</b>
Profit Share Income	3.401.984	2.553.540
Profit Share Expense	2.457.718	1.317.645
Net Profit Share Income/Expenses	944.266	1.235.895
Net Fees and Commissions Income/Expenses	273.875	162.576
Trading Income/Loss (Net)	(194.944)	173.318
Other Operating Income	817.673	471.175
Net Operating Income/ (Losses)	25.466	178.351
Tax Provision For Discontinued Operations (-+)	(25.961)	40.635
<b>NET PROFIT/LOSSES</b>	<b>51.427</b>	<b>137.716</b>
Earnings Per Share (Full TL)	0,04	0,10

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**Information on Interim Report (continued):**

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

Dear Stakeholders,

While concerns about the course of the pandemic put the global economy in a difficult position, growth is expected to be positive in 2021. In addition, one of the most important topics on the global agenda has been inflation. With the span of the economies, the delay in demand and the increase in commodity prices increase producer and consumer prices. While high demand raises raw material prices, lasting longer than expected effects of the pandemic and the deterioration in the supply chain continue to pose upside risks to headline inflation all over the world.

In 2020, when the whole world was struggling with the pandemic, Turkey became the country with the strongest growth rate among the G20 countries after China. The Turkish economy, which grew by 7% annually in the first quarter of 2021, grew by 21.7% in the second quarter of the year compared to the same period of 2020. While the leading indicators point to a strong growth in the third quarter of the year, they give the high sign that the economic growth in 2021 may reach double digits. The increase in food prices all over the world with the effect of unfavorable weather conditions has an important share in the deterioration of the inflation outlook in Turkey. On the other hand, the depreciation of the exchange rate, high levels of commodity and energy prices, and supply chain restrictions cause an increase in inflation. In the rest of the year, electricity and natural gas prices, oil prices and high exchange rates will be among the factors, posing risks on inflation. Throughout the fight against the pandemic, the Turkish banking sector has been one of the most important parts in the economic recovery. In the loan growth realized in this period, participation banks also acted parallel to the sector.

As Albaraka Trk, we continue to stand by the real sector as always. During this process, our bank has accelerated its investments in the field of digitalization within the new normal created by the pandemic. In the coming period, we will contribute to the financial ecosystem in our country with the awareness and responsibility of being Turkey's first and leading Participation Bank, and we will continue our work diligently.

With our personnel and partners, our bank will continue to hold its position as a pioneer in the sector, ensuring sustainable growth and development in the forthcoming period as well. That said, I would like to thank my colleagues, clients, shareholders, and all of our stakeholders for their contribution to our success.

Sincerely

**Mazin MANNA**

Chairman of the Board of Directors

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
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**Information on Interim Report (continued):**

**3. Message from the Acting General Manager**

Dear Stakeholders,

As of the second half of 2021, the impact of the coronavirus on economic activity has decreased compared to 2020. While normalization steps with the effect of summer months and vaccination activities continued all over the world, there was a decrease in the rate of going to the hospital. At the point reached with vaccination, while the effect of coronavirus on our lives decreases, we hope that we will have healthy days in a short time. Although it is thought that the virus threat will continue in the coming period, the success and effectiveness rate of vaccination reduces the effect of the virus. With the effect of this situation, the demand for commodities, goods and services increases while economic activity accelerates all over the world. Due to the supply that cannot balance with the demand, there is an increase in commodity and especially energy prices. Brent oil, which rose to \$80 levels in the third quarter, record-breaking natural gas prices and the rise in commodity prices place a significant burden on commodity importing countries, while negatively affecting the course of global inflation. With the rise in inflation expectations, assumption for the Fed's monetary policy to change sooner than expected have emerged, and tightening in monetary policies has started all over the world. While economic activity and manufacturing industry continued to grow in the third quarter in our country, the balance of services based on tourism started to recover with the effect of the summer months. In the third quarter, where the policy rate was generally 19%, inflation rose above 19% due to the exchange rate effect and global commodity prices. The CBRT cut the policy rate to 18% by making a 100 basis point cut in September.

As Albaraka Türk, we continued to support the real sector in this period as well. On the financing side, despite the high market costs, we achieved an annual growth of 15% and increased our total loan balance to 48 Billion TL. We expect this amount to increase as borrowing costs come down even more. With a 27% growth in the funds collected, we reached a balance of 67 Billion TL. Our asset size, on the other hand, achieved a growth above the sector average and reached 84 Billion TL with a growth of 22% year on year. In addition, we have endeavored to support the economic course and offer new facilities in every field to our customers' financial needs. We developed the AlbaFX application and launched a new investment platform for our customers with advantageous margins. Moreover, as a result of our cooperation with OYAK Securities, we have offered our customers the opportunity to access the capital markets quickly and easily.

In the coming period, we will put the customer experience at the center without changing our focus on profitability and efficiency, considering the requirements of the age, and we will continue our digital transformation without slowing down. We will be more active especially in retail banking, treasury and investment banking. With the increase of sustainability activities in the banking sector, also we will strive to increase sustainability-based activities in our Bank's strategy. We will fulfill our responsibility in this regard. While doing all this, we will continue to be committed to the basis and principles of participation banking, as always. As a requirement of participation banking, we will maintain to work without slowing down to provide our customers with the best banking experience.

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

Respectfully Yours,

**Malek K. TEMSAH**  
Board Member and Acting General Manager

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**Information on Interim Report (continued):**

**4. Activities in the Third Quarter of 2021:**

- Our total assets have actualized as TL 83.732.266 in the third quarter of 2021.
- In the third quarter of 2021, the total funds our Bank collected through "Special Current Accounts" and "Participation to Profit and Loss Accounts" has been TL 66.737.740.
- Participation accounts in the third quarter of 2021 has been TL 38.044.148. 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
<b>TL Funds</b>	<b>19.102.511</b>	<b>2.160.917</b>	<b>15.465.033</b>	<b>2.103.514</b>	<b>23,52</b>	<b>2,73</b>
Current Accounts	6.486.363	733.751	4.634.568	630.382	39,96	16,40
Participation Accounts	12.616.148	1.427.166	10.830.465	1.473.132	16,49	(3,12)
<b>FC Funds</b>	<b>47.635.229</b>	<b>5.388.601</b>	<b>36.148.091</b>	<b>4.916.769</b>	<b>31,78</b>	<b>9,60</b>
Current Accounts	22.207.229	2.512.130	18.524.807	2.519.696	19,88	(0,30)
Participation Accounts	25.428.000	2.876.471	17.623.284	2.397.073	44,29	20,00
<b>TOTAL</b>	<b>66.737.740</b>	<b>7.549.518</b>	<b>51.613.124</b>	<b>7.020.283</b>	<b>29,30</b>	<b>7,54</b>

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits (*)	46.104.279	5.215.416	40.370.679	5.491.115	14,20	(5,02)
Non-performing Loans	2.763.023	312.559	2.045.276	278.193	35,09	12,35
Provisions	(1.761.787)	(199.297)	(1.247.950)	(169.743)	41,17	17,41
<b>TOTAL</b>	<b>47.105.515</b>	<b>5.328.678</b>	<b>41.168.005</b>	<b>5.599.565</b>	<b>14,42</b>	<b>(4,84)</b>

(\*) Financial Leasing Receivables included.

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

Balance Sheet Period	USD/TL
As of September 30, 2021	8,840
As of December 31, 2020	7,352

**5. Evaluation on Financial Status, Profitability and Solvency:**

- Our profit share income increased by %33,23 compared to the same period of the previous year and reached 3.401.984 TL.
- Our net profit share incomes were realized as TL 944.266, our net fees commission income increased to TL 273.875.
- Our net profit has been TL 51.427 for the first nine months of the year.
- As of September 30, 2021, our capital adequacy ratio is actualized as 12,98%, over the minimum ratio.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
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**Information on Interim Report (continued):**

**6. Announcements regarding important developments during January 1, 2021 - September 30, 2021 period:**

- The applications to BRSA and CMB regarding the amendment of the articles of association have been announced with our material event disclosure dated January 26, 2021.
- It has been announced that the BRSA Approval has been obtained for the amendment to the articles of association with our material event disclosure dated January 28, 2021.
- It has been announced that the CMB Approval has been obtained for the amendment to the articles of association with our material event disclosure dated January 29, 2021.
- The disclosure was announced regarding the organization change of our Bank with the material event disclosure dated February 16, 2021.
- Standard & Poor's, the international credit rating agency, has affirmed our Bank's long-term credit rating at "B", short term credit rating at "B" and the outlook as negative.
- A rating agreement for compliance with corporate governance principles was signed with DRC Rating.
- On March 30, 2021, Mr. Adnan Ahmed Yusuf Abdulmalek resigned from our Bank's board of directors' membership and chairmanship.
- The Decisions of the 2020 Ordinary General Assembly Meeting were registered on 09.04.2021.
- On 17.05.2021, our Bank's Corporate Governance Principles Compliance Rating Score was determined as 9.12.
- On 08.07.2021, it was decided to authorize the General Directorate of our Bank within the scope of the Share Buyback program.
- On 13.07.2021, Islamic International Rating Agency (IIRA) affirmed the ratings of our bank as Foreign Currency BB+/A3, Local Currency BBB-/A3, with a Negative outlook.
- Our Bank's 2020 Sustainability Report was disclosed on 16.07.2021.
- On 19.08.2021, our Bank's General Manager Mr. Melikşah Utku left his job due to retirement.
- Mr. Ibrahim Fayez Humaid Alshamsi joining our Bank's Board of Directors in 2005 resigned from Board of Directors and all other duties as of 31.08.2021.
- It has been decided that;

Our Bank's General Manager Melikşah UTKU's request for actual retirement from all his duties at our Bank, shall be accepted as of 13.10.2021,

Malek Khodr Temsah, the Assistant General Manager in charge of Treasury and Financial Institutions, shall be appointed as Acting General Manager in addition to his current duties at our Bank, with power to exercise all duties, authorities and responsibilities, including the Membership on Credit Committee, for execution of the position of General Manager, Malek Khodr Temsah shall use his first-degree signing authority also with the title, Acting General Manager,

The resignation letter submitted by our Bank's Board of Director's Member and Deputy Chairman, Süleyman Kalkan, from his duties at our Bank as of 13.10.2021, shall be accepted, the signing authority granted to him to represent and bind our Bank shall be cancelled,

Melikşah UTKU shall temporarily be elected to the Board of Directors to fill the vacancy as a Member, pursuant to the Turkish Commercial Code, Article 363/1 and our Bank's Articles of Association.

The issues that took place during the period **January 1, 2021 - September 30, 2021** 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>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

**Information on Interim Report (continued):**

**6. Announcements regarding important developments during January 1, 2021 - September 30, 2021 period (continued):**

- As announced in public disclosure platform on February 16, 2021, our Bank's ordinary general meeting of shareholders was held on March 31, 2021 with the following agenda:
  1. Inauguration; formation of Presiding Council
  2. Authorizing the Presiding Council to sign the general assembly minutes of meeting
  3. Reading and discussing the Annual Report of the BoD about the fiscal year 2020
  4. Reading and discussing Auditor reports
  5. Reading, discussing and approving the Financial Statements
  6. Acquitting the Members of the BoD
  7. Discussing the BoD proposal about the utilization and distribution of the annual profit and dividends (ratios of sharing)
  8. Discussing the fiscal rights and benefits of the Board members such as salary & wages, per diems, bonus & premiums and alike
  9. Electing the Auditor
  10. Discussing and resolving the Board of Directors' proposal to amend Article-7 entitled "Bank's Capital" of our Bank's Articles of Incorporation
  11. Approving the buyback program prepared by the BoD regarding authorization of the BoD on our Bank's accepting its own shares as acquisition and/or pledge
  12. In accordance with the Communiqué on Compliance with Principles and Standards of Participation Banking, submitting the Participation Banking Consultancy Committee members appointed by the Board of Directors for the approval of the General Assembly
  13. Board member election by the General Assembly for the seats those, which have been vacated within the operational year, to complete remaining period of their predecessors
  14. Authorizing the the Board of Directors within the framework of the paragraph 10 of the article 6 of the Regulation on Procedures and Principles regarding Acceptance and Withdrawal of Deposits and Participation Funds and Any Deposit, Participation Fund, The Bailed Goods and Receivable That Have Been Subjected to Prescription
  15. Approving within the scope of the article 19/2 of Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside
  16. Permitting members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code
  17. Presenting information to shareholders on the subjects held in Capital Markets Board (CMB) Corporate Governance Communique principle no. 1.3.6
  18. Presenting information to General Assembly about operations effected in scope of the Buy-back Program for bank's own shares in 2020
  19. Presenting information to General Assembly about donations made by bank in 2020
  20. Remarks and requests

You may find Information Document, Profit Distribution Table, Minutes and Resolutions regarding Ordinary General Meeting of Shareholders held on March 31, 2021 from Albaraka Türk website Investor Relations section from following link:

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