

Albaraka Türk Katılım Bankası Anonim Şirketi

**Consolidated financial statements
and related disclosures at December 31, 2021
together with independent auditor's report**

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



**Building a better
working world**

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Albaraka Türk Katılım Bankası A.Ş. (the "Bank") and its subsidiaries(together will be referred as "the Group"), which comprise the statement of consolidated statement of financial position as at December 31, 2021, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, except for the effects of the matter on the consolidated financial statements described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Albaraka Türk Katılım Bankası A.Ş. as at December 31, 2021 and financial performance and consolidated its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

Basis for Qualified Opinion

As explained in Section Five Part II.6.b, the accompanying consolidated financial statements as at December 31, 2021 include a free provision at an amount of TL 100.000 thousands which was provided in the current period by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How the Key Audit Matter is addressed in our audit
<p><i>Financial impact of TFRS 9 "Financial Instruments" standard and recognition of impairment on financial assets and related important disclosures</i></p>	
<p>As disclosed in footnote VIII of Section 3; the Group measures expected credit losses for financial instruments by TFRS 9 "Financial Instruments Standards". The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit subject are as follows;</p> <ul style="list-style-type: none"> - Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements - The applications TFRS 9 are complex and comprehensive - The classification of financial instruments based on the Group's business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows - Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses - The use of significant assumptions in the fair value calculations of real estates in profit and loss project loans - The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9 - Estimations and assumptions used in expected credit losses are new, important and complex - Complex and comprehensive disclosure requirements of TFRS 9. 	<p>Our audit procedures in addition to our current audit procedures:</p> <ul style="list-style-type: none"> - Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Group's past performance, and local and global practices - Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists - Evaluating the impact of Covid-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses calculation and fair value calculations together with forward-looking estimates and significant assumptions. - Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices - Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Group's business model - Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Group's historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis - Evaluating the judgments and estimates used for the individually assessed financial assets based on expert opinion - Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses - Detailed testing of mathematical verification of expected credit losses' calculation on a sample basis - Testing the fair value calculations of real estates included in profit and loss project loans by the valuation experts of another company included in the network which we are affiliated. - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process <p>Auditing of disclosures related to TFRS 9.</p>

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2021 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

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

Additional paragraph for convenience translation to English

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

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



Emre Çelik, SMMM
Partner

March 8, 2022
Istanbul, Turkey

**CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

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

The consolidated year ended financial report prepared in accordance with the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by the Banking Regulation and Supervision Agency is comprised of the following sections.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S REPORT

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

	Subsidiaries	Real Estate Investment Funds	Venture Capital Investment Funds	Security Funds	Joint Ventures	Associates
1.	Bereket Varlık Kiralama A.Ş.	Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu	Katılım Emeklilik ve Hayat A.Ş.	-
2.	Değer Varlık Kiralama A.Ş.	Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	-	-	-
3.	Albaraka Portföy Yönetimi A.Ş.	Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu	-	-	-
4.	Insha Gmbh	Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu	-	-	-
5.	-	-	Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu	-	-	-

Bereket One Ltd and Albaraka Sukuk Ltd, which are not subsidiaries of the Bank but over which the Bank has 100% controlling power, have been included in the consolidation due to the reason that these companies are "Structured Entity".

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

Mazin Khairy Shaker MANNA Chairman of the Board of Directors	Malek Khodr TEMSAH Deputy General Manager	Mustafa ÇETİN Assistant General Manager	Kemaleddin DİLBAZ Financial Reporting Manager
Mustafa BÜYÜKABACI Chairman of the Audit Committee	Mehmet Ali GÖKCE Member of the Audit Committee	Houssein BEN HAJ AMOR Member of the Audit Committee	

Contact information of the personnel in charge of the addressing of questions about this financial report:
Name-Surname/Title : Bora ŞİMŞEK / Financial Reporting / Vice Manager
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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION ONE

General Information

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

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

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

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

The Parent Bank together with its consolidated ownerships is referred to as the "Group" in the accompanying consolidated financial statements.

The Parent Bank's head office is located in Istanbul and is operating through 229 (December 31, 2020: 228) local branches and 2 (December 31, 2020: 2) foreign branches and with 2.918 (December 31, 2020: 3.390) staff as of December 31, 2021. The Group has 2.943 (December 31, 2020: 3.415) staff as of December 31, 2021.

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

As of December 31, 2021, 36,29% (December 31, 2020: 36,29%) of the Parent 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, 36,93% (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 CONSOLIDATED FINANCIAL STATEMENTS
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(Thousand of Turkish Lira (TL) unless otherwise stated)

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

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD):	Mazin Khairy Shaker MANNA	Chairman of BOD	Bachelor	-
Members of BOD:	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. AMODI	Independent Member of BOD	Bachelor	-
	Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	-
	Azhar Aziz DOGAR ^(*)	Member of BOD	Master	-
Deputy General Manager:	Malek Khodr TEMSAH ^(**)	Member of BOD/ Deputy General Manager	Master	-
Assistant General Managers:	Turgut SİMİTÇİOĞLU	Chief Assistant General Manager	Master	-
	Fatih BOZ	Responsible for Credit Risks	Master	-
	Mehmet Fatih YORULMAZ	Assistant General Manager	Master	-
	Hasan ALTUNDAĞ	Responsible for Credits	Master	-
	Malek Khodr TEMSAH	Assistant General Manager	Bachelor	-
	Mustafa ÇETİN	Responsible for Marketing	Master	-
	Volkan EVCİL	Assistant General Manager	Bachelor	-
	Süleyman ÇELİK	Responsible for Sales	Bachelor	-
Chief Legal Consultancy	Hasan AVŞAR	Chief Legal Consultant	Bachelor	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Mehmet Ali GÖKCE	Member of Audit Committee	Master	-
	Housseem BEN HAJ AMOR	Member of Audit Committee	Bachelor	-

^(*) Appointed as member of Board of Directors by Parent Bank's Board of Directors on January 18,2022.

^(**) 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 Parent Bank's qualified shareholders:

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

Name/Commercial Name	Share amount (nominal)	Share ratio^(*)	Paid shares	Unpaid shares
Albaraka Banking Group	489.961	36,29%	489.961	-
Dallah Albaraka Holding	207.585	15,38%	207.585	-

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

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

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

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

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

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

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

Albaraka Kültür Sanat ve Yayıncılık A.Ş., Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. and Insha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş. which are the subsidiaries of "İnovasyon Girişim Sermayesi Yatırım Fonu" and Natura Gıda Sanayi ve Ticaret A.Ş., which is an subsidiary of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, have not been consolidated since they are non-financial subsidiaries.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021

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

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

The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., 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" "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Start-Up 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 parent bank and its subsidiaries:

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

SECTION TWO

The consolidated financial statements

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Audited CURRENT PERIOD December 31, 2021			Audited PRIOR PERIOD December 31, 2020		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		4.739.239	35.729.467	40.468.706	3.610.559	18.080.122	21.690.681
1.1 Cash and Cash Equivalents	(1)	3.306.028	28.469.107	31.775.135	2.117.138	14.507.009	16.624.147
1.1.1 Cash and Balances with Central Bank		1.820.832	24.677.779	26.498.611	1.371.053	11.873.379	13.244.432
1.1.2 Banks		1.531.688	3.802.373	5.334.061	781.048	2.634.093	3.415.141
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		46.492	11.045	57.537	34.963	463	35.426
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	963.086	6.889.642	7.852.728	724.424	3.257.849	3.982.273
1.2.1 Government Securities		707.698	6.850.649	7.558.347	552.653	3.236.130	3.788.783
1.2.2 Equity Securities		45.331	19.198	64.529	12.921	10.774	23.695
1.2.3 Other Financial Assets		210.057	19.795	229.852	158.850	10.945	169.795
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	381.640	370.718	752.358	755.313	315.264	1.070.577
1.3.1 Government Securities		373.973	353.699	727.672	745.044	306.067	1.051.111
1.3.2 Equity Securities		7.667	17.019	24.686	7.667	9.197	16.864
1.3.3 Other Financial Assets		-	-	-	2.602	-	2.602
1.4 Derivative Financial Assets	(5)	88.485	-	88.485	13.684	-	13.684
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		88.485	-	88.485	13.684	-	13.684
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		24.807.293	40.232.465	65.039.758	23.290.701	20.517.445	43.808.146
2.1 Loans	(6)	25.484.848	33.819.930	59.304.778	23.254.473	18.801.331	42.055.804
2.2 Lease Receivables	(7)	379.930	440.744	820.674	291.476	68.673	360.149
2.3 Financial Assets Measured at Amortised Cost	(4)	697.735	7.405.476	8.103.211	832.051	2.392.749	3.224.800
2.3.1 Government Securities		697.735	7.405.476	8.103.211	832.051	2.392.749	3.224.800
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Credit Losses (-)	(6)	1.755.220	1.433.685	3.188.905	1.087.299	745.308	1.832.607
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	118.874	104	118.978	130.757	293	131.050
3.1 Asset Held for Resale		118.874	104	118.978	130.757	293	131.050
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	357.379	-	357.379	327.378	-	327.378
4.1 Associates (Net)		-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)		268.696	-	268.696	268.696	-	268.696
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		268.696	-	268.696	268.696	-	268.696
4.3 Joint Ventures (Net)		88.683	-	88.683	58.682	-	58.682
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		88.683	-	88.683	58.682	-	58.682
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(10)	1.485.146	24.834	1.509.980	1.372.244	17.226	1.389.470
VI. INTANGIBLE ASSETS (Net)	(11)	83.026	9.240	92.266	40.535	6.352	46.887
6.1 Goodwill		-	6.958	6.958	-	4.783	4.783
6.2 Others		83.026	2.282	85.308	40.535	1.569	42.104
VII. INVESTMENT PROPERTY (Net)	(12)	1.035.405	-	1.035.405	1.261.475	-	1.261.475
VIII. CURRENT TAX ASSET		2.737	-	2.737	3.750	-	3.750
IX. DEFERRED TAX ASSET	(13)	489.049	-	489.049	191.360	-	191.360
X. OTHER ASSETS	(14)	764.995	145.195	910.190	640.871	28.943	669.814
TOTAL ASSETS		33.883.143	76.141.305	110.024.448	30.869.630	38.650.381	69.520.011

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Audited CURRENT PERIOD December 31, 2021			Audited PRIOR PERIOD December 31, 2020		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	20.181.030	71.027.651	91.208.681	15.389.368	36.148.001	51.537.369
II. FUNDS BORROWED	(2)	53.707	2.090.828	2.144.535	72.778	2.987.107	3.059.885
III. BORROWINGS FROM MONEY MARKETS		1.327	-	1.327	1.246.687	1.029.766	2.276.453
IV. SECURITIES ISSUED (Net)	(3)	3.065.049	-	3.065.049	4.042.163	-	4.042.163
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(4)	180.485	6.769	187.254	142.596	-	142.596
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		180.485	6.769	187.254	142.596	-	142.596
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(5)	327.840	21.774	349.614	314.684	13.711	328.395
VIII. PROVISIONS	(6)	309.931	4.060	313.991	200.073	2.451	202.524
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		149.554	-	149.554	145.872	-	145.872
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		160.377	4.060	164.437	54.201	2.451	56.652
IX. CURRENT TAX LIABILITY	(7)	106.980	19.825	126.805	74.012	11.018	85.030
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS	(9)	-	3.119.354	3.119.354	-	1.732.562	1.732.562
12.1 Loans		-	3.119.354	3.119.354	-	1.732.562	1.732.562
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(10)	2.143.338	665.320	2.808.658	1.573.899	190.199	1.764.098
XIV. SHAREHOLDERS' EQUITY	(11)	6.692.420	6.760	6.699.180	4.343.628	5.308	4.348.936
14.1 Paid-In Capital		1.350.000	-	1.350.000	1.350.000	-	1.350.000
14.2 Capital Reserves		1.208.524	-	1.208.524	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		1.193.669	-	1.193.669	945.711	-	945.711
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		388.024	-	388.024	254.045	-	254.045
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		314.936	6.760	321.696	93.130	5.308	98.438
14.5 Profit Reserves		1.745.919	-	1.745.919	1.494.079	-	1.494.079
14.5.1 Legal Reserves		145.290	-	145.290	131.703	-	131.703
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		89	-	89	205	-	205
14.6 Profit or Loss		(258.893)	-	(258.893)	(27.128)	-	(27.128)
14.6.1 Prior Years Profit/(Loss)		(591.729)	-	(591.729)	(329.432)	-	(329.432)
14.6.2 Current Year Profit/(Loss)		332.836	-	332.836	302.304	-	302.304
14.7 Minority Shares		1.943.910	-	1.943.910	218.936	-	218.936
TOTAL LIABILITIES		33.062.107	76.962.341	110.024.448	27.399.888	42.120.123	69.520.011

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF- BALANCE SHEET
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		December 31, 2021			December 31, 2020		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		11.428.440	16.308.916	27.737.356	11.377.799	9.281.131	20.658.930
I. GUARANTEES AND SURETIES	(1)	7.080.257	10.323.043	17.403.300	5.710.137	5.411.694	11.121.831
1.1. Letters of Guarantees		7.048.318	5.322.918	12.371.236	5.647.191	3.555.738	9.202.929
1.1.1. Guarantees Subject to State Tender Law		1.098.043	134.460	1.232.503	876.326	77.888	954.214
1.1.2. Guarantees Given for Foreign Trade Operations		15	1.905.653	1.905.668	15	1.043.724	1.043.739
1.1.3. Other Letters of Guarantee		5.950.260	3.282.805	9.233.065	4.770.850	2.434.126	7.204.976
1.2. Bank Loans		-	99.278	99.278	-	49.363	49.363
1.2.1. Import Letter of Acceptances		-	99.278	99.278	-	49.363	49.363
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		12.324	4.886.075	4.898.399	39.522	1.731.270	1.770.792
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		12.324	4.886.075	4.898.399	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		-	14.772	14.772	-	75.323	75.323
1.7. Other Collaterals		19.615	-	19.615	23.424	-	23.424
II. COMMITMENTS	(1)	2.929.406	606.006	3.535.412	2.395.012	850.025	3.245.037
2.1. Irrevocable Commitments		2.889.906	606.006	3.495.912	2.391.012	850.025	3.241.037
2.1.1. Asset Purchase and Sale Commitments		321.618	606.006	927.624	359.047	850.025	1.209.072
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		655.296	-	655.296	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		834.732	-	834.732	667.621	-	667.621
2.1.7. Tax And Fund Liabilities from Export Commitments		17.234	-	17.234	13.538	-	13.538
2.1.8. Commitments for Credit Card Expenditure Limits		1.059.919	-	1.059.919	919.974	-	919.974
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		555	-	555	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		552	-	552	547	-	547
2.2. Revocable Commitments		39.500	-	39.500	4.000	-	4.000
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		39.500	-	39.500	4.000	-	4.000
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.418.777	5.379.867	6.798.644	3.272.650	3.019.412	6.292.062
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		1.418.777	5.379.867	6.798.644	3.272.650	3.019.412	6.292.062
3.2.1. Forward Foreign Currency Buy/Sell Transactions		461.810	489.238	951.048	128.188	114.937	243.125
3.2.1.1. Forward Foreign Currency Transactions-Buy		239.837	242.194	482.031	83.763	39.298	123.061
3.2.1.2. Forward Foreign Currency Transactions-Sell		221.973	247.044	469.017	44.425	75.639	120.064
3.2.2. Other Forward Buy/Sell Transactions		956.967	4.890.629	5.847.596	3.144.462	2.904.475	6.048.937
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		104.483.970	48.433.026	152.916.996	87.262.122	24.652.412	111.914.534
IV. ITEMS HELD IN CUSTODY		5.856.026	12.698.331	18.554.357	5.519.997	8.677.435	14.197.432
4.1. Assets Under Management		2.448.761	-	2.448.761	2.911.168	-	2.911.168
4.2. Investment Securities Held in Custody		17.473	548.751	566.224	137.652	344.021	481.673
4.3. Cheques Received for Collection		2.325.217	700.121	3.025.338	1.696.146	275.497	1.971.643
4.4. Commercial Notes Received for Collection		811.654	164.241	975.895	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		219.693	1.043.531	1.263.224	215.254	1.519.560	1.734.814
4.8. Custodians		33.125	10.241.687	10.274.812	33.125	6.455.189	6.488.314
V. PLEDGED ITEMS		98.627.944	35.734.695	134.362.639	81.742.125	15.974.977	97.717.102
5.1. Marketable Securities		10.587.982	8.001.966	18.589.948	11.668.013	4.659.421	16.327.434
5.2. Guarantee Notes		2.043.190	506.747	2.549.937	1.438.998	219.572	1.658.570
5.3. Commodity		11.752.302	3.695.799	15.448.101	6.545.244	1.758.326	8.303.570
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		67.505.021	18.800.660	86.305.681	56.903.781	6.988.385	63.892.166
5.6. Other Pledged Items		6.458.745	4.715.730	11.174.475	4.924.606	2.341.372	7.265.978
5.7. Pledged Items-Depository		280.704	13.793	294.497	261.483	7.901	269.384
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		115.912.410	64.741.942	180.654.352	98.639.921	33.933.543	132.573.464

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT OR LOSS	Notes (Section Five-IV)	Audited CURRENT PERIOD January 1- December 31, 2021	Audited PRIOR PERIOD January 1- December 31, 2020
I. PROFIT SHARE INCOME	(1)	5.035.088	3.594.052
1.1 Profit Share on Loans		4.175.857	3.065.363
1.2 Income Received from Reserve Deposits		134.657	14.777
1.3 Income Received from Banks		373	631
1.4 Income Received from Money Market Placements		-	-
1.5 Income Received from Marketable Securities Portfolio		684.496	482.344
1.5.1 Financial Assets at Fair Value Through Profit and Loss		282.095	118.222
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		99.891	167.162
1.5.3 Financial Assets Measured at Amortised Cost		302.510	196.960
1.6 Finance Lease Income		38.313	28.550
1.7 Other Profit Share Income		1.392	2.387
II. PROFIT SHARE EXPENSE	(2)	3.160.184	1.856.988
2.1 Expense on Profit Sharing Accounts		1.881.683	1.114.179
2.2 Profit Share Expense on Funds Borrowed		319.316	261.175
2.3 Profit Share Expense on Money Market Borrowings		80.024	79.520
2.4 Profit Share Expense on Securities Issued		785.170	297.535
2.5 Finance Lease Expense		51.346	56.986
2.6 Other Profit Share Expense		42.645	47.593
III. NET PROFIT SHARE INCOME (I – II)		1.874.904	1.737.064
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		405.756	233.567
4.1 Fees and Commissions Received		582.163	394.977
4.1.1 Non-Cash Loans		165.689	128.295
4.1.2 Other	(3)	416.474	266.682
4.2 Fees and Commissions Paid (-)		176.407	161.410
4.2.1 Non-Cash Loans		490	296
4.2.2 Other	(3)	175.917	161.114
V. DIVIDEND INCOME	(4)	768	-
VI. TRADING INCOME/LOSS(net)	(5)	280.954	245.832
6.1 Capital Market Transaction Income/(Loss)		70.578	53.851
6.2 Profit/(Loss) from Derivative Financial Instruments		(229.474)	(142.128)
6.3 Foreign Exchange Income/(Loss)		439.850	334.109
VII. OTHER OPERATING INCOME	(6)	1.727.489	665.995
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		4.289.871	2.882.458
IX. EXPECTED CREDIT LOSS (-)	(7)	1.711.343	1.162.439
X. OTHER PROVISION EXPENSES (-)	(7)	123.926	22.974
XI. PERSONNEL EXPENSES (-)		820.560	731.506
XII. OTHER OPERATING EXPENSES (-)	(8)	735.271	602.043
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		898.771	363.496
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-
XV. PROFIT/(LOSS) ON EQUITY METHOD		31.027	21.398
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(9)	929.798	384.894
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	(12.663)	73.788
18.1 Provision for Current Taxes		28.912	15.702
18.2 Deferred Tax Expense Effect (+)		646.524	366.579
18.3 Deferred Tax Income Effect (-)		688.099	308.493
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(11)	942.461	311.106
XX. INCOME FROM DISCONTINUED OPERATIONS	(11)	-	-
20.1 Income from Assets Held For Sale		-	-
20.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Loss from Assets Held for Sale		-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
21.3 Loss from Other Discontinued Operations		-	-
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XXI-XXI)		-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1 Provision for Current Taxes		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(12)	942.461	311.106
25.1 Group's Income/Loss		332.836	302.304
25.2 Minority Shares Profit/Loss (-)		609.625	8.802
Earnings Per Share		0,247	0,224

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS OF DECEMBER 31, 2021

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Audited	Audited
	CURRENT PERIOD January 1- December 31, 2021	PRIOR PERIOD January 1- December 31, 2020
I. CURRENT PERIOD PROFIT/LOSS	942.461	311.106
II. OTHER COMPREHENSIVE INCOME	357.237	8.640
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	133.979	10.641
2.1.1 Revaluation Surplus on Tangible Assets	185.972	41.708
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(12.834)	(22.642)
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	(7.644)	(3.906)
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(31.515)	(4.519)
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	223.258	(2.001)
2.2.1 Translation Differences	207.083	22.716
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	20.023	(33.852)
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	(3.848)	9.135
III. TOTAL COMPREHENSIVE INCOME (I+II)	1.299.698	319.746

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves ^(*)	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CURRENT PERIOD (January 1 - December 31, 2021)																	
I. Closing balance	(V)	1.350.000	14.855	-	945.711	300.370	(46.325)	-	96.212	2.226	-	1.494.079	(329.432)	302.304	4.130.000	218.936	4.348.936
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning Of Period (I+II)		1.350.000	14.855	-	945.711	300.370	(46.325)	-	96.212	2.226	-	1.494.079	(329.432)	302.304	4.130.000	218.936	4.348.936
IV. Total Comprehensive Income		-	-	-	-	144.246	(10.267)	-	207.083	16.175	-	-	-	332.836	690.073	609.625	1.299.698
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	247.958	-	-	-	-	-	-	7.914	(320.675) ^(**)	-	(64.803)	1.115.349	1.050.546
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	243.926	58.378	(302.304)	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	243.926	(243.926)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	302.304	(302.304)	-	-	-
Balances at end of the period (III+IV...+X+XI)		1.350.000	14.855	-	1.193.669	444.616	(56.592)	-	303.295	18.401	-	1.745.919	(591.729)	332.836	4.755.270	1.943.910	6.699.180

^(*) The Parent Bank has recognized perpetual additional tier 1 capital amounting to USD 205.000.000 issued through "Bereket One Ltd" under "other capital reserves" as per TAS 32: "Financial Instruments: Presentation" standart.

^(**) The Parent Bank has paid TL 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 50.458, the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well. In addition, it includes net loss amounting to TL 170.282 arising from investment funds trading transactions that the Parent Bank has made without causing loss of control.

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)						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 Cancellati on Profits	Other Capital Reserves (*)	1	2	3	4	5	6	Profit Reserve s	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
PRIOR PERIOD (January 1 - December 31, 2020)																	
I. Closing balance	(V)	900.000	-	-	1.344.905	270.910	(27.506)	-	73.496	39.532	-	1.430.839	(248.391)	90.045	3.873.830	157.436	4.031.266
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	(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	-	-	1.344.905	270.910	(27.506)	-	73.496	30.533	-	1.430.839	(239.392)	90.045	3.873.830	157.436	4.031.266
IV. Total Comprehensive Income		-	-	-	-	29.460	(18.819)	-	22.716	(24.717)	-	-	-	302.304	310.944	8.802	319.746
V. Capital Increase in Cash		450.000	14.855	-	(464.855)	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	65.661	-	-	-	-	(3.590)	-	223	(117.068) ^(*)	-	(54.774)	52.698	(2.076)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	63.017	27.028	(90.045)	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	63.017	(63.017)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	90.045	(90.045)	-	-	-
Balances at end of the period (III+IV...+X+XI)		1.350.000	14.855	-	945.711	300.370	(46.325)	-	96.212	2.226	-	1.494.079	(329.432)	302.304	4.130.000	218.936	4.348.936

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

(**) The Parent Bank has paid TL 138.241 in February and August 2020, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 29.649, the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Audited CURRENT PERIOD January 1- December 31, 2021	Audited PRIOR PERIOD January 1- December 31, 2020
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		2.412.893	2.216.768
1.1.1 Profit Share Income Received		5.006.365	3.409.799
1.1.2 Profit Share Expense Paid		(3.090.234)	(1.781.221)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		405.471	266.682
1.1.5 Other Income		1.294.247	628.358
1.1.6 Collections from Previously Written Off Loans	(V-I-6,h2)	463.030	608.331
1.1.7 Payments to Personnel and Service Suppliers		(1.015.263)	(912.882)
1.1.8 Taxes Paid		(70.446)	(132.320)
1.1.9 Others	(V-VI-3)	(580.277)	130.021
1.2 Changes In Operating Assets And Liabilities		7.666.621	(7.186.879)
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(3.741.005)	(3.236.981)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(6.646.458)	(2.178.742)
1.2.3 Net (Increase) Decrease in Loans		(7.775.635)	(9.830.159)
1.2.4 Net (Increase) Decrease in Other Assets		(47.466)	(993.462)
1.2.5 Net Increase (Decrease) in Bank Deposits		773.699	(1.600.976)
1.2.6 Net Increase (Decrease) in Other Deposits		23.929.606	10.868.959
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed		-	-
1.2.9 Net Increase (Decrease) in Matured Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(V-VI-3)	1.173.880	(215.518)
I. Net Cash Flow From Banking Operations		10.079.514	(4.970.111)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(1.144.340)	807.643
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(26.709)	(708)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(164.270)	(173.884)
2.4 Disposals of Property and Equipment		836.234	505.245
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(25.970)	(78.509)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		487.855	1.339.025
2.7 Purchase of Financial Assets Measured at Amortised Cost	(V-I-4)	(3.762.132)	(1.740.999)
2.8 Sale of Financial Assets Measured at Amortised Cost	(V-I-4)	1.510.652	957.473
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		(6.188.719)	4.693.466
3.1 Cash Obtained from Funds Borrowed and Securities Issued		31.900.998	32.924.345
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(37.846.285)	(28.007.100)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Leases		(85.419)	(85.538)
3.6 Other		(158.013)	(138.241)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-VI-3)	3.140.669	336.393
V. Net (Decrease) Increase in Cash and Cash Equivalents		5.887.124	867.391
VI. Cash and Cash Equivalents at the Beginning of the Period	(V-VI-a)	8.057.072	7.189.681
VII. Cash and Cash Equivalents at the End of the Period	(V-VI-b)	13.944.196	8.057.072

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF PROFIT APPROPRIATION	Audited	Audited
	CURRENT PERIOD December 31, 2021	PRIOR PERIOD December 31, 2020
I. Distribution of current year income		
1.1. Current year income	81.442	323.735
1.2. Taxes and duties payable (-)	(22.961)	68.998
1.2.1. Corporate tax (Income tax)	18.614	10.912
1.2.2. Income withholding tax	-	-
1.2.3. Other taxes and legal liabilities (*)	(41.575)	58.086
A. Net income for the year (1.1-1.2)	104.403	254.737
1.3. Prior year losses (-)	-	-
1.4. First legal reserves (-)	-	12.737
1.5. Other statutory reserves (-)	-	11.661
B. Distributable net period income [(A-(1.3+1.4+1.5))] (**)	104.403	230.339
1.6. First dividend to shareholders (-)	-	-
1.6.1. To owners of ordinary shares	-	-
1.6.2. To owners of preferred shares	-	-
1.6.3. To owners of preferred shares (Preemptive rights)	-	-
1.6.4. To Profit sharing bonds	-	-
1.6.5. To owners of the profit /loss sharing certificates	-	-
1.7. Dividend to personnel (-)	-	-
1.8. Dividend to board of directors (-)	-	-
1.9. Second dividend to shareholders (-)	-	-
1.9.1. To owners of ordinary shares	-	-
1.9.2. To owners of preferred shares	-	-
1.9.3. To owners of preferred shares (Preemptive rights)	-	-
1.9.4. To profit sharing bonds	-	-
1.9.5. To owners of the profit /loss sharing Certificates	-	-
1.10. Second legal reserve (-)	-	-
1.11. Status reserves (-)	-	-
1.12. Extraordinary reserves	-	230.339
1.13. Other reserves	-	-
1.14. Special funds	-	-
II. Distribution from reserves		
2.1. Distributed reserves	-	-
2.2. Second legal reserves (-)	-	-
2.3. Share to shareholders (-)	-	-
2.3.1. To owners of ordinary shares	-	-
2.3.2. To owners of preferred shares	-	-
2.3.3. To owners of preferred shares (Preemptive rights)	-	-
2.3.4. To profit sharing bonds	-	-
2.3.5. To owners of the profit /loss sharing certificates	-	-
2.4. Share to personnel (-)	-	-
2.5. Share to board of directors (-)	-	-
III. Earnings per share		
3.1. To owners of ordinary shares (***) (Full TL)	0,077	0,189
3.2. To owners of ordinary shares (%)	7,73	18,86
3.3. To owners of preferred shares	-	-
3.4. To owners of preferred shares (%)	-	-
IV. Dividend per share		
4.1. To owners of ordinary shares (Full TL)	-	-
4.2. To owners of ordinary shares (%)	-	-
4.3. To owners of preferred shares	-	-
4.4. To owners of preferred shares (%)	-	-

(*) Deferred tax income is presented in "other taxes and legal liabilities" line. Deferred tax income is not subject to profit appropriation; thus it is classified under extraordinary reserves.

(**) General Assembly of the Parent Bank is the authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of the preparation of these financial statements. Statement of profit appropriation is prepared according to the unconsolidated financial statements of the Parent Bank.

(***) Calculated by using the number of share certificates as of year-end.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2021
(Thousand of Turkish Lira (TL) unless otherwise stated)

SECTION THREE

Accounting Policies

I. Explanations on basis of presentation:

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

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

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

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the consolidated financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

b) Additional paragraph for convenience translation:

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

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

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS. As of December 31, 2021, ownership investment accounted using equity method is Katılım Emeklilik ve Hayat A.Ş. The subsidiaries, real estate funds, venture capital investment funds, security funds accounted using full consolidation method are Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha GmbH, Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu and Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu respectively.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 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 consolidated financial statements (continued):

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

The covid 19 pandemia spreaded in various countries in the world 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. Beside these measurements, economical measurements are being taken to minimise the effects of pandemia for individuals and firms in the world and in our country.

While preparing December 31, 2021 financials, the Parent Bank has reflected the possible impacts of covid 19 pandemia to the estimates and assumptions used in preparing financial statements. The estimates and assumptions used in expected credit loss provisions are explained under information on expected credit losses.

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

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

e) Comparative information and classifications:

The changes in accounting policies are applied retrospectively and previous term financial statements are restated. The Financial statements of the Parent bank are prepared comparative to the previous term in order to determine its financial position and performans trends. If appropriate, the comparative information are restated in order to provide comparativeness to the statements of current period financial statements.

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

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

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

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

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

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

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

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

There are no foreign currency differences capitalized by the Group.

III. Information on consolidated associates:

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

a) Consolidation principles on joint ventures:

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

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

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

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

b) Consolidation principles on subsidiaries:

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

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

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

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

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III. Information on consolidated associates (continued):

b) Consolidation principles on subsidiaries (continued):

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

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

c) Consolidation principles on investment funds:

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

Title	Operation Center (City/Country)	Main Activities	Parent Bank's Effective Percentage of Shares (%)	Group's Direct and Indirect Effective Percentage of Shares (%)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu ^(*)	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	0,00	0,00
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu ^(*)	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	0,00	0,11
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu ^(*)	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	0,24	0,24
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu ^(*)	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	0,00	0,13
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu ^(*)	Istanbul/Turkey	To invest in company shares that can be financially and institutionally structured and developed, and to terminate the investment in the development or further stages of the company through methods such as sales, merger, and public offering.	0,00	0,00
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu ^(*)	Istanbul/Turkey	To invest in the initial stages of technology and innovation companies that provide products or services to Fintech venture companies or financial companies or to terminate the investment in the advanced stages by methods such as sale, merger and public offering.	0,00	0,00
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu ^(*)	Istanbul/Turkey	To invest in the initial stages or growth stages of new generation start-up companies or to be founder of them, to terminate the investment in the development or further stages of the company through methods such as sales, merger, and public offering.	0,00	0,02
Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu ^(*)	Istanbul/Turkey	To incorporate innovative fintech projects inside the Parent Bank as co-founder or make the fintech projects more flexible and active in present companies by becoming their partner ,to invest these companies' shares and terminate the investment in the development or advanced phase by sale, merger, public offer.	0,00	9,27
Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu ^(*)	Istanbul/Turkey	To invest in civilian Technology companies such as information technology, game, Finance, cyber security, mobility, agriculture, health, energy, Firstly in Technopark (IT Valley) founded and operated by Muallim Köy Teknoloji Geliştirme Bölgesi Yönetici A.Ş. If these companies' centers are not in IT Valley, they must guarantee that their trade center or branches must be moved to IT Valley in 6 months (following the investment term) and register in common financial reporting system directed by IT Valley to report legal obligations. Requirements for the companies are that they are to be technology-based companies, have good accord to product and market and target market should be sound and ready for rapid growth.	0,00	0,00

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III. Information on consolidated associates (continued):

c) Consolidation principles on investment funds (continued):

Title	Operation Center (City/Country)	Main Activities	Parent Bank's Effective Percentage of Shares (%)	Group's Direct and Indirect Effective Percentage of Shares (%)
Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu ^(*)	Istanbul/Turkey	To direct the fund portfolio mainly to the domestic and / or foreign public and private sector lease certificates in foreign currency or gold-based capital market instruments, participation accounts, promised contracts and other interest-free investment instruments approved by the Board to the portfolio between the range of 0% and 100%.	0,00	0,06

^(*)Related funds are controlled by the Parent Bank and Parent Bank is subject to annual variable returns. In this respect, the funds are consolidated as per TFRS 10 Consolidation principles

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

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

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

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

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

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

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

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V. Explanations on profit share income and expenses:

Profit share income

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

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

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

Profit share expense

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

VI. Explanations on fees, commission income and expenses:

Other than commission income and fees and expenses for various banking services that are reflected as income/expense when collected/paid, fees and commission income and expenses are reflected to income statement depending on the term of the related transaction.

The commissions and fees other than those, whose amortised costs are integral part of their effective profit rate, are accounted for in accordance with the TFRS 15 Revenue From Contracts With Customers Standard.

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

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

VII. Explanations on financial assets:

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

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

Assessment of business model:

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

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

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

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VII. Explanations on financial assets (continued):

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

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

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

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

c) Other business models:

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

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

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

Financial assets at the fair value through profit or loss:

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

The revaluation reports as of December 31, 2021 prepared by appraisers have been taken into consideration in measuring the fair values of the profit and loss sharing investments.

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

Financial assets at fair value through other comprehensive income:

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

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive

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VII. Explanations on financial assets (continued):

c) Other business models (continued):

Financial assets at fair value through other comprehensive income (continued):

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

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

Financial assets measured at amortized cost:

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

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

Loans:

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

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

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

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

VIII. Explanations on expected credit losses:

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

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

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VIII. Explanations on expected credit losses (continued):

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 pandemic, 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 as of October 1, 2021 for first group loans whose overdue are between 30 days and 90 days, the mentioned application will continue. In addition to first group loans, beginning from October 1, 2021 second group loans whose overdue are between 90 and 180 days, the same application will continue as well.

As stated under the note of significant estimates and assumptions in preparing financial statements, the Parent Bank has changed the parameters in allocating provisions by using the best estimates and assumptions for expected credit losses to reflect the possible impact of Covid 19 pandemic to its financial statements as of December 31, 2021. From the beginning of the covid pandemic,

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

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

Under this context, this approach used through 2021, will be reviewed in the coming reporting periods by considering the changes in outcomes of pandemic, credit portfolio and expectations related to the future.

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

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

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

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

Parameters used when calculating expected credit losses:

Probability of Default (PD):

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

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

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VIII. Explanations on expected credit losses (continued):

Loss Given Default (LGD):

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

Exposure at Default (EAD):

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

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

12 Month Expected Credit Losses (Stage 1):

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

Significant Increase in Credit Risk (Stage 2):

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

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

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

Default (Stage 3/Specific Provision):

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

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

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IX. Explanations on offsetting of financial instruments:

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

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

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

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

Assets held for sale (or disposal group) are measured at the lower of the carrying amount of assets and fair value less any cost to be incurred for disposal. In order to classify an asset as held for sale, the possibility of sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan designed by an appropriate level of management regarding the sale of the asset to be disposed of together with an active program for the determination of buyers as well as for the completion of the plan. Also, the asset shall be actively marketed in conformity with its fair value.

In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan.

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

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

XII. Explanations on goodwill and other intangible assets:

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 “Turkish Accounting Standards for Intangible Assets”. The Group's intangible assets consist of softwares, intangible rights and goodwill.

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

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

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XIII. Explanations on tangible assets:

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

As of March 31, 2009, the Parent Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2021, the Parent Bank has revalued its immovables and reflected the results of appraisal reports prepared by independent real estate appraiser firms using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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

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

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

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

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

If there is an indication for impairment, the Group estimates the recoverable amount of the tangible asset in accordance with TAS 36 "Turkish Accounting Standard for Impairment of Assets" and if the recoverable amount is less than its carrying value, provides for an impairment loss. Fixed assets which are carried at fair value in the financial statements are revalued by independent Capital Markets Board licensed firms in accordance with TFRS 13.

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

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

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

XIV. Explanations on investment property:

Investment properties are retained in order to benefit for administrative purposes and production and supply of goods or services either or both obtain rental income or appreciation gain instead of selling them in ordinary workflow. Investment properties are accounted initially at cost then at fair value for the coming periods and changes are recognized in statement of profit or loss.

The cost includes the expenses directly associated with the purchase.

If the investment property is sold, all profits and losses incurred (referring the difference between sale price and carrying value of the asset) are recognized in statement of profit or loss. If the investment properties

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XIV. Explanations on investment property (continued):

which are recognized as fixed assets beforehand are sold, their revaluation differences (if there are any) under equity are transferred to prior year profits.

If a real estate's intended purpose amended and it is recognized again under fixed assets, the fair value at the date of the amendment becomes the cost for the next accounting transaction.

XV. Explanations on leasing transactions:

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

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

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

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

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

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

Right to use asset:

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

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

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

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

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

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XV. Explanations on leasing transactions (continued):

The lease liabilities:

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

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

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

- Increases the book value to reflect the profit share rate on the lease obligation,
- Reduces the book value to reflect the lease payments made,
- Measures the book value to reflect reassessments and restructuring, or reflect the fixed lease payments, which is revised but inherently fixed. The profit rate on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic profit rate to the remaining balance of the lease liability.

XVI. Explanations on provisions and contingent liabilities:

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

Provisions are recognized when the Parent Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

A provision for contingent liabilities arising from past events should be recognized in the same period of occurrence in accordance with the cut-off principle.

A liability is recognized as a contingent liability where a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of more than one events not wholly within the control of the Parent Bank; or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability and disclosed in the footnotes.

XVII. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans:*

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

i) *Defined benefit plans (continued):*

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated for reasons other than misconduct or due to resignation.

The retirement pay is calculated for every working year within the Group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group.

The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Group recognizes all actuarial gains and losses immediately through other comprehensive income. As of December 31, 2021, there is an actuarial loss amounts to TL 70.740 before deferred tax calculation. (December 31, 2020: TL 57.906 actuarial loss).

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

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

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XVII. Explanations on liabilities regarding employee rights (continued):

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

XVIII. Explanations on taxation:

Current tax:

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

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 10%. Appropriation of the retained earnings to capital is not considered as profit distribution and accordingly is not subject to withholding tax.

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

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

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

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

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

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

Deferred tax:

The Group calculates and accounts for deferred income taxes for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with ("TAS 12") "Turkish Accounting Standard for Income Taxes". Deferred tax asset is calculated on all temporary

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XVIII. Explanations on taxation (continued):

Deferred tax:

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

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

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. 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 Parent 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 December 31, 2021. There is not deferred tax calculation for free provisions.

As explained in detailed note under "XIX." Additional explanations on borrowings, deferred tax is calculated for exchange difference and coupon payment for Tier 1 under equity and deferred tax expenses. In addition, if loss occurs in the income statement prepared as per Turkish Tax Legislation, The Parent Bank recognizes deferred tax. While making this calculation, The Parent Bank's growth projections in its budget, reinforceable estimates on income statement and expectations on inflation, currency and interest rates by Central Bank of Turkey are considered. "With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023."

Transfer pricing:

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

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

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XIX. Additional explanations on borrowings:

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

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

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

Additional tier 1 capital borrowings:

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

XX. Explanations on issued share certificates:

None.

XXI. Explanations on acceptances and availed drafts:

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

XXII. Explanations on government grants:

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

XXIII. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note XI.

XXIV. Explanations on other matters:

There are no other matters.

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SECTION FOUR

Information on Consolidated Financial Structure and Risk Management of the Group

I. Explanations on consolidated capital adequacy standard ratio:

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of December 31, 2021, the Parent Bank's total capital has been calculated as TL 6.399.996 and capital adequacy standard ratio is 14,65%. As of December 31, 2020, the Parent Bank's total capital amounted to TL 5.642.560 and capital adequacy ratio was 14,18%. The Parent Bank's capital adequacy standard ratio is above the minimum ratio required by the legislation.

a. Information on consolidated capital:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.350.000	1.350.000
Share issue premiums	14.855	14.855
Reserves	1.154.190	1.164.647
Gains recognized in equity as per TAS	1.184.247	568.785
Profit	332.836	302.304
Current Period Profit	332.836	302.304
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Minority Share	-	-
Common Equity Tier 1 Capital Before Deductions	4.036.128	3.400.591
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	56.592	46.311
Improvement costs for operating leasing	21.295	20.340
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	87.948	44.312
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	266.747	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	111.451	111.451
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	19.811	-
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	563.844	222.414
Total Common Equity Tier 1 Capital	3.472.284	3.178.177

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

a. Information on consolidated capital (continued):

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	775.720
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	775.720	775.720
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	775.720	775.720
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	4.248.004	3.953.897
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.983.300	1.374.112
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	303.215	321.443
Tier II Capital Before Deductions	2.286.515	1.695.555
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	127.336	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	127.336	-
Total Tier II Capital	2.159.179	1.695.555
Total Capital (The sum of Tier I Capital and Tier II Capital)	6.407.183	5.649.452
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	7.187	6.892

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

a. Information on consolidated capital (continued):

	Current Period	Prior Period
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (Total Core Capital and Supplementary Capital)	6.399.996	5.642.560
Total risk weighted amounts	43.674.167	39.792.959
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	7,95	7,99
Consolidated Tier 1 Capital Adequacy Ratio (%)	9,73	9,94
Consolidated Capital Adequacy Ratio (%)	14,65	14,18
BUFFERS		
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3,45	3,49
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	349.209	279.792
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	303.215	321.443
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	303.215	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	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

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

In press release by BRSA dated March 23, 2020 it is stated that there are financial market turbulences as a result of Covid 19 pandemia. Because of this, in calculating credit risk as per "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is possible that 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 December 31, 2021, the Parent Bank has utilized this facility mentioned above.

b. Details on subordinated liabilities:

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
Special Consideration in the Calculation of Equity		
As of January 1, 2015, consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.983.300	TL 775.720 ^(*)
Par Value of Instrument	TL 3.093.274	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2025 Total Repayment Amount of Profit Share: USD 131.250.000 (first 5 year), USD 117.137.500 (second 5 years) Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share for 5 years: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	9,371 % (first 5 years: 10,50%)	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative
Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval it is convertible and the rate may be determined.	As per BRSA approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

(*) Represented as historical cost.

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

c. Information on reconciliation of total capital and equity:

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

II. Explanations on consolidated credit risk:

- (1) Credit risk represents the Parent Bank's risk or losses arising from corporate and individual loan customers who have cash or non-cash credit relations with the Parent Bank not fulfilling the terms of their agreements partially or in full. Limit assignment authority primarily belongs to the Board of Directors and based on the authority given by the Board of Directors, the risk limits of the Parent Bank are determined by Head-office Loan Committee, Loan Committee and Board of Directors. Head-office Loan Committee may exercise such authority partially through units of the Parent Bank or branches. Proposal for loans are presented in a written format to the Loan Committee and Board of Directors.

Regarding the credit risk, debtors or group of debtors is subject to risk limitations. Credit limits are determined separately for each individual customer, company, group of companies, and risk groups. While determining credit risk several criteria such as the customers' financial strength, commercial capacities, sectors, geographical areas and capital structure are evaluated collectively.

In accordance with the decision taken by the Board of Directors of the Parent Bank, the Parent Bank cannot grant loans above 15% of its equity to a real person or legal entity (Exception to this decision is subject to the decision of the Board of Directors). Distributing the risk in a balanced manner to the sectors is observed, therefore in their marketing operations the branches strive for reaching various firms existing in different sectors. As a principle, each branch oversee the balanced distribution of the total risk to the sectors and progress of the firms existing in critical sectors.

The credibility of the debtors of loans are monitored periodically in accordance with related legislation. The financial documents for loans are obtained, audited and updated as necessary as stipulated in the related legislation. Credit limits of customers are renewed periodically according to the Parent Bank's credit limit renewal procedure. The Parent Bank obtains necessary collaterals for loans by analyzing the creditworthiness of corporate and individual loans according to its credit policy. Main collaterals obtained for credit risk are mortgage on real estate, cash blockage, pledges on vehicle and machinery.

Limits defined by the Board of Directors and Loan Committee for each bank are followed-up by Treasury Management on a daily basis for the transactions related with placements or treasury operations like foreign currency purchase and sales with domestic and foreign correspondent banks.

As of 1 January 2018, the Parent Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. Related classifications are mentioned in the third section under the heading of Accounting Policies, in VIII. No. "Explanations on expected credit loss provisions".

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II. Explanations on consolidated credit risk (continued):

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

Risk Categories	Current Period Risk Amount	Average Risk Amount^(*)
Receivables from central governments or central banks	19.539.686	14.661.811
Receivables from regional or local governments	112.481	178.803
Receivables from administrative units and non-commercial enterprises	44.810	50.314
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	6.228.803	5.406.313
Receivables from corporates	20.664.601	22.848.477
Retail receivables	7.857.559	7.849.378
Receivables secured by mortgages on property	9.436.596	5.216.582
Past due receivables	592.097	561.436
Receivables defined in high risk category by BRSA	-	-
Collateralized Securities	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	1.342
Other receivables	6.656.406	5.859.296
Equity share investments	131.322	67.015
TOTAL^(*)	71.264.361	62.700.767

^(*) Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2021.

- (2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements
- (3) The risks of forwards, options and similar agreements are followed regularly and the Parent Bank utilizes risk mitigation methods if needed.
- (4) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Parent Bank. Financial position and commercial operations of those customers are analyzed continuously and the principal and profit payments based on the restructured payment plan are monitored by the related departments.
The Parent Bank considers that long-term commitments are exposed to more credit risk than short-term commitments, and matters such as defining risk limits and obtaining collateral for long-term risks are addressed more extensively as compared to short-term risks.
- (5) The Parent Bank has credit lines in different countries within the scope of its banking activity and due inquiries (economic, cyclical, etc.) are carried out during the allocation and revision of such credit lines. For the Parent banks where correspondent activity and international commodity transactions are intended to be carried out, credit limits are allocated by the related credit committees taking into account the size of the correspondent Parent bank and the size of Bank itself and concentration of risk is avoided. The Parent Bank does not carry any serious risk in this respect.
- (6) Share of cash receivables of the Parent Bank from its top 100 and top 200 cash loan customers in total cash loans is 52% (December 31, 2020: 51%) and 59% (December 31, 2020: 60%) respectively.
Share of non-cash receivables of the Parent Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 48% (December 31, 2020: 43%) and 58% (December 31, 2020: 55%) respectively.
Share of cash and non-cash receivables of the Parent Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 46% (December 31, 2020: 44%) and 54% (December 31, 2020: 53%) respectively.
- (7) The Parent Bank's expected credit loss amount for its credit risk except non-cash loans (Stage 1 and 2) is TL 588.399 (December 31, 2020: TL 620.043).

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II. Explanations on consolidated credit risk (continued) :

(8) Profile on significant risks in significant regions:

Current Period	Risk Categories ^(*)												Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Domestic	19.539.686	112.481	44.810	-	2.296.063	19.054.463	7.806.913	9.359.004	586.261	-	6.441.536	109.389	65.350.606
EU Countries	-	-	-	-	772.033	63.328	3.457	7.707	-	-	-	19.178	865.703
OECD Countries ^(**)	-	-	-	-	1.879.084	355	1.113	530	-	-	-	-	1.881.082
Off-shore banking regions	-	-	-	-	823.226	98.810	5.094	7.702	-	-	-	-	934.832
USA, Canada	-	-	-	-	445.344	6.482	456	501	-	-	-	-	452.783
Other countries	-	-	-	-	13.053	1.441.163	40.526	61.152	5.836	-	214.870	2.755	1.779.355
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	19.539.686	112.481	44.810	-	6.228.803	20.664.601	7.857.559	9.436.596	592.097	-	6.656.406	131.322	71.264.361
Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Domestic	12.075.930	263.340	71.654	-	2.106.871	21.031.237	7.391.850	3.874.184	513.815	2.603	6.251.282	71.450	53.654.216
EU Countries	-	-	-	-	484.454	176.618	7.946	5.579	3	-	-	18.643	693.243
OECD Countries ^(**)	-	-	-	-	23.828	-	6	-	-	-	-	-	23.834
Off-shore banking regions	-	-	-	-	757.610	361.038	34.454	7.270	-	-	-	-	1.160.372
USA, Canada	-	-	-	-	238.941	47.240	809	578	-	-	-	-	287.568
Other countries	505	-	-	-	917.412	656.504	15.235	5.174	1.554	-	231	8.586	1.605.201
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities ^(***)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	12.076.435	263.340	71.654	-	4.529.116	22.272.637	7.450.300	3.892.785	515.372	2.603	6.251.513	98.679	57.424.434

^(*) Risk classifications in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" will be used.

^(**) OECD countries other than EU countries, USA and Canada.

^(***) Assets and liabilities are not allocated on a consistent basis

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks

- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates
- 7- Retail receivables
- 8- Receivables secured by mortgages on property
- 9- Past due receivables

- 10- Investments as collective investment enterprises
- 11- Other receivables
- 12-Equity share investments

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II. Explanations on consolidated credit risk (continued):

Profile on significant risks in significant regions:

Sectors / Counterparties	Risk Categories												TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12			
1 Agriculture	-	-	-	-	-	198.657	132.191	87.064	9.647	-	-	-	306.552	121.007	427.559
1.1 Farming and stockbreeding	-	-	-	-	-	198.657	132.191	-	-	-	-	-	210.843	120.005	330.848
1.2 Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-	-	87.064	9.647	-	-	-	95.709	1.002	96.711
2 Manufacturing	-	-	923	-	-	8.091.570	2.960.311	959.577	236.906	-	3.559.250	-	6.141.027	9.667.510	15.808.537
2.1 Mining	-	-	-	-	-	940.098	272.608	82.021	104.267	-	-	-	701.865	697.129	1.398.994
2.2 Production	-	-	-	-	-	5.069.484	2.614.256	770.173	132.639	-	3.559.250	-	4.993.478	7.152.324	12.145.802
2.3 Electricity, gas, water	-	-	923	-	-	2.081.988	73.447	107.383	-	-	-	-	445.684	1.818.057	2.263.741
3 Construction	-	-	282	-	-	3.433.366	235.639	1.174.385	152.002	-	-	-	2.117.877	2.877.797	4.995.674
4 Services	19.539.686	-	41.466	-	6.228.803	8.330.582	4.313.613	7.044.186	186.352	-	557.892	131.322	16.891.153	29.482.749	46.373.902
4.1 Wholesale and retail trade	-	-	254	-	-	5.948.191	3.492.870	2.855.404	129.445	-	555.406	14.381	7.373.640	5.622.311	12.995.951
4.2 Hotel, food and beverage services	-	-	-	-	-	321.019	75.692	72.716	12.294	-	-	-	159.412	322.309	481.721
4.3 Transportation and telecommunication	-	-	-	-	-	944.466	434.900	108.534	20.816	-	-	-	550.316	958.400	1.508.716
4.4 Financial institutions	19.539.686	-	-	-	6.222.090	401.666	11.424	654.525	2.608	-	2.486	116.941	5.781.106	21.170.320	26.951.426
4.5 Real estate and renting services	-	-	-	-	6.713	-	98.782	3.279.448	15.602	-	-	-	2.144.182	1.256.363	3.400.545
4.6 Self-employment services	-	-	-	-	-	557.038	-	-	-	-	-	-	415.368	141.670	557.038
4.7 Education services	-	-	18.296	-	-	5.233	26.943	18.946	2.884	-	-	-	67.337	4.965	72.302
4.8 Health and social services	-	-	22.916	-	-	152.969	173.002	54.613	2.703	-	-	-	399.792	6.411	406.203
5 Other	-	112.481	2.139	-	-	610.426	215.805	171.384	7.190	-	2.539.264	-	2.198.670	1.460.019	3.658.689
6 Total	19.539.686	112.481	44.810	-	6.228.803	20.664.601	7.857.559	9.436.596	592.097	-	6.656.406	131.322	27.655.279	43.609.082	71.264.361

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

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II. Explanations on consolidated credit risk (continued):

Distribution of risks with term structure according to remaining maturities:

Risk Categories	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	1 year and over
1 Receivables from central governments or central banks	130.242	1.393.278	50.337	348.475	4.397.111
2 Receivables from regional or local governments	-	-	-	-	-
3 Receivables from administrative units and non-commercial enterprises	-	-	-	251	44.444
4 Receivables from multilateral development banks	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-
6 Receivables from banks and brokerage houses	60	8.879	53.275	29.365	1.708.359
7 Receivables from corporates	622.186	1.605.414	2.845.408	639	11.355.794
8 Retail receivables	215.325	556.176	825.927	1.498.840	4.665.286
9 Receivables secured by mortgages on property	78.704	542.160	327.610	3.076.547	5.347.856
10 Past due receivables	520	-	275	-	586.326
11 Receivables defined in high risk category by BRSA	-	-	-	-	-
12 Collateralized Securities	-	-	-	-	-
13 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
14 Investments similar to collective investment funds	-	-	-	-	-
15 Other receivables	-	-	-	-	3.447
16 Equity share investments	-	-	-	-	-
17 TOTAL	1.047.037	4.105.907	4.102.832	4.954.117	28.108.623

- (9) While determining risk weights of receivables from banks and receivables from central banks and central governments indicated in the sixth article of "Regulation on Measurement and Assessment of Capital Adequacy of Banks", rating grades obtained from rating agencies commissioned by customers are being used. Resident banks and intermediary firms are evaluated as unrated and credit rating agencies' ratings are considered for non resident counterparties. The ratings by IIRA (Islamic International Rating Agency) are considered for receivables from central governments or central banks. Other receivables in the regulation are considered as unrated while calculating capital adequacy.

The match-up of the ratings by rating agencies are represented in "credit quality stages" in the following table:

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II. Explanations on consolidated credit risk (continued):

The match-up of the ratings		Credit Quality stage	Fitch Ratings	Moody's Investor Service	S&P Ratings Services	Japan Credit Rating Agency	DBRS	IIRA
	Long term credit ratings	1	AAA to AA-	Aaa to Aa3	AAA to AA-	AAA to AA-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	A+ to A-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	BB+ to BB-	BB (high) to BB (low)	BB+ to BB-
		5	B+ to B-	B1 to B3	B+ to B-	B+ to B-	B (high) to B (low)	B+ to B-
		6	CCC+ and lower	Caa1 and lower	CCC+ and lower	CCC and lower	CCC (high) and lower	CCC+ and lower
	Short term credit ratings	1	F1+ to F1	P-1	A-1+ to A-1	J-1	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	J-2	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	J-3	R-3	A-3
		4	F3 lower	NP	A-3 lower	J-3 lower	R-3 lower	A-3 lower
		5	-	-	-	-	---	-
		6	-	-	-	-	---	-
	Ratings for long term securitization positions	1	AAA to AA-	Aaa to Aa3	AAA to AA-	-	AAA to AA (low)	AAA to AA-
		2	A+ to A-	A1 to A3	A+ to A-	-	A (high) to A (low)	A+ to A-
		3	BBB+ to BBB-	Baa1 to Baa3	BBB+ to BBB-	-	BBB (high) to BBB (low)	BBB+ to BBB-
		4	BB+ to BB-	Ba1 to Ba3	BB+ to BB-	-	BB (high) to BB (low)	BB+ to BB-
		5	B+ and lower	B1 and lower	B+ and lower	-	B (high) and lower	B+ and lower
	Ratings for short term securitization positions	1	F1+ to F1	P-1	A-1+ to A-1	-	R-1 (high) to R-1 (low)	A-1+ to A-1
		2	F2	P-2	A-2	-	R-2 (high) to R-2 (low)	A-2
		3	F3	P-3	A-3	-	R-3	A-3
		Diğerleri	F3 lower	NP	A-3 lower	-	R-3	A-3 lower
The match-up for collective investment undertakings		1	AAA to AA-	Aaa to Aa3	FCQR: AAAf to AA-f; PSFR: AAAm to AA-m	-	-	-
		2	A+ to A-	A1 to A3	FCQR: A+f to A-f; PSFR: A+m to A-m	-	-	-
		3	BBB+ to BBB-	Baa1 to Baa3	FCQR: BBB+f to BBB-f; PSFR: BBB+m to BBB-m	-	-	-
		4	BB+ to BB-	Ba1 to Ba3	FCQR: BB+f to BB-f; PSFR: BB+m to BB-m	-	-	-
		5	B+ to B-	B1 to B3	FCQR: B+f to B-f; PSFR: B+m to B-m	-	-	-
		6	CCC+ and lower	Caa1 and lower	FCQR: CCC+f and lower; PSFR: CCC+m and lower	-	-	-

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II. Explanations on consolidated credit risk (continued):

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratio of Banks" are presented below:

										Deductions from Shareholders' Equity
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	
1 Amount before credit risk mitigation	22.037.379	-	4.773.634	2.527.511	7.384.896	7.771.919	26.354.028	414.994	-	227.881
2 Amount after credit risk mitigation	23.789.333	-	5.484.361	2.520.147	7.581.773	7.302.726	24.171.128	414.893	-	227.881

(10) Amounts of impaired loans and past due receivables, value adjustments and provisions, current period value adjustments and provisions according to sectors or counterparties individually:

As of December 31, 2021, the Parent Bank has allocated expected lifetime loss provision for loans classified as Stage 2 based on the risk assessments made under TFRS 9. For the loans which are determined as impaired by being classified in the third stage, the expected lifetime loss provision has been allocated for such loans as well.

As of December 31, 2021, the credit risks of the loans which has not increased at first recognition or thereafter, are classified as stage 1 and 12 months expected credit loss has been allocated for such loans.

Sectors / Counterparties	Loans		Provisions
	Impaired Value (TFRS 9)		Provisions for Credit Losses (TFRS 9)
	Significant increase in credit risk (Stage 2)	Default (Stage 3)	
1 Agriculture	11.794	36.057	24.199
1.1 Farming and stockbreeding	1.967	31.547	20.076
1.2 Forestry	9.827	4.510	4.123
1.3 Fishery	-	-	-
2 Manufacturing	2.280.241	1.659.685	1.437.457
2.1 Mining	3.002	275.330	213.811
2.2 Production	852.495	812.946	614.334
2.3 Electricity, gas, water	1.424.744	571.409	609.312
3 Construction	858.852	1.012.871	751.766
4 Services	2.446.565	1.010.174	790.353
4.1 Wholesale and retail trade	1.593.899	434.058	328.640
Hotel, food and beverage			
4.2 services	396.373	109.436	118.503
Transportation and			
4.3 telecommunication	110.835	230.073	180.313
4.4 Financial institutions	13.716	10.212	10.359
4.5 Real estate and renting services	258.940	194.534	142.647
4.6 Self-employment services	61.784	13.223	3.225
4.7 Education services	6.349	12.149	4.271
4.8 Health and social services	4.669	6.489	2.395
5 Other	144.893	64.450	21.751
6 Total	5.742.345	3.783.237	3.025.526

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II. Explanations on consolidated credit risk (continued):

(11) Information related to value adjustments and credit provisions:

Current Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Stage 3 Provisions	1.247.950	1.599.318	(742.418) ^(**)	553.193	2.658.043
2. Stage 1 and 2 Provisions	584.657	300.573	(360.443)	6.075	530.862

^(*) Determined according to currency differences.

^(**) Includes reversal of provisions related to write off amounts to TL 249.185

Prior Period

Risk Weight	Opening Balance	Provision made during the period	Reversal of Provisions	Other Adjustments ^(*)	Closing Balance
1. Stage 3 Provisions	946.631	697.454	(470.965) ^(**)	74.830	1.247.950
2. Stage 1 and 2 Provisions	185.151	424.813	(26.748)	1.441	584.657

^(*) Determined according to currency differences.

^(**) Includes reversal of provisions related to write off amounts to TL 53.145 and reversal of provisions of previous terms' non performing loans carried to performing loans by approximation amounts to TL 324.618.

III. Explanations on consolidated risks including countercyclical capital buffer calculation:

Explanations on receivables from consolidated private sector:

Country where risk is ultimately taken	Private sector loans in banking books	Risk weighted amount calculated within trading book	Total
Turkey	37.825.509	1.063.974	38.889.483
Iraq	1.349.939	-	1.349.939
Marshall Islands	407.214	-	407.214
Libya	207.158	-	207.158
Pakistan	149.150	-	149.150
Algeria	99.797	-	99.797
Malta	99.642	-	99.642
Tunisia	80.808	-	80.808
Georgia	78.380	-	78.380
Italy	42.146	-	42.146
Singapore	24.324	-	24.324
United States of America	13.241	-	13.241

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IV. Explanations on consolidated currency risk:

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

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

	USD	EUR
As of December 31, 2021 - Balance sheet evaluation rate	13,222	15,004
As of December 30, 2021	12,850	14,546
As of December 29, 2021	12,469	14,124
As of December 28, 2021	11,687	13,213
As of December 27, 2021	11,205	12,678
As of December 24, 2021	11,122	12,590

- d. The simple arithmetical average of the major foreign exchange buying rates of the Parent Bank for the thirty days before the balance sheet date is TL 13,562 for 1 USD (December 2020: TL 7,670), TL 15,327 for 1 EUR (December 2020: TL 9,337).

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

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IV. Explanations on consolidated currency risk (continued):

Information on currency risk of the Group:

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	5.941.783	14.998.097	3.737.899	24.677.779
Banks	718.539	1.292.020	1.780.769	3.791.328
Financial assets at fair value through profit and loss ^(**)	883.945	1.128.327	4.877.370	6.889.642
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1.243	362.822	6.653	370.718
Loans and financial lease receivables ^(***)	10.535.499	22.815.034	2	33.350.535
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	1.425.525	5.979.811	-	7.405.336
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	24.834	24.834
Intangible assets	9.240	-	-	9.240
Other assets ^(****)	124.674	22.801	1.443	148.918
Total assets	19.640.448	46.598.912	10.428.970	76.668.330
Liabilities				
Current account and funds collected from banks via participation accounts	662.001	974.193	24.851	1.661.045
Other current and profit sharing accounts	15.761.383	43.516.754	10.088.469	69.366.606
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	1.075.156	4.135.026	-	5.210.182
Marketable securities issued	-	-	-	-
Miscellaneous payables	275.065	366.671	23.584	665.320
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	771	31.598	20.059	52.428
Total liabilities	17.774.376	49.024.242	10.156.963	76.955.581
Net balance sheet position	1.866.072	(2.425.330)	272.007	(287.251)
Net off balance sheet position	(2.145.002)	2.733.834	(75.193)	513.639
Derivative financial instruments assets ^(*****)	-	3.219.728	30.028	3.249.756
Derivative financial instruments liabilities ^(*****)	2.145.002	485.894	105.221	2.736.117
Non-cash loans ^(*****)	3.317.764	6.952.583	52.696	10.323.043
Prior Period				
Total assets	10.852.989	22.619.959	6.411.927	39.884.875
Total liabilities	10.841.016	24.794.716	6.479.083	42.114.815
Net balance sheet position	11.973	(2.174.757)	(67.156)	(2.229.940)
Net off balance sheet position	(244.207)	2.670.013	142.713	2.568.519
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 ^(*****)	2.160.361	3.210.278	41.055	5.411.694

(*) TL 3.664.103 (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 962.090 (December 31, 2020: TL 1.308.455) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 9.344.729 (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. TL 4.877.174 (December 31, 2020: TL 2.114.472) of the balance in other FC column in financial assets at fair value through profit and loss represents gold-indexed lease certificates (sukuk)

(**) Derivative financial instruments are included.

(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 523.546 (December 31, 2020: TL 1.227.719).

(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 3.479 (December 31, 2020: TL 6.775) is included in other assets.

(*****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 142.473 (December 31, 2020: TL 275.205) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 463.533 (December 31, 2020: TL 574.820).

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

Other issues related to currency risk:

Since the Parent Bank has issued unmatured additional tier 1 capital amount to USD 205.000.000 (Historical cost: TL 775.720) and recognized under the equity as "Other Capital Reserves", this stated amount is not included in the above table.

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

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

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

The equity securities under banking book calculated as per credit risk standard method amount to TL 131.322. 100% risk weight is applied to related whole amount (December 31, 2020: TL 98.679).

VI. Explanations on consolidated liquidity risk:

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

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

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

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

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

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

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

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

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

Liquidity risk exposed by the Parent Bank is managed by establishing risk appetite, effective control environment and closely monitoring by limits.

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

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VI. Explanations on consolidated liquidity risk (continued):

Parent Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels.

Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Parent Bank monitors liquidity risk in terms of early warning indicators in each stress. While assessing the sectors affected by COVID 19, the Bank has benefited from analyses by foreign rating institutions published to the general public. The sectors that are expected to be affected most are ranged from high risk to low risk and all customers are reclassified as per risk groups. These customers are reassessed in following up operations, stress test and sectoral concentration analysis and related reassessments will continue in the coming periods.

Consolidated liquidity coverage ratio:

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
		TL+FC	FC	TL+FC	FC
	Current Period				
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			36.838.796	32.873.748
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	51.719.040	39.191.290	4.919.858	3.919.129
3	Stable Funds Collected	5.040.933	-	252.047	-
4	Less stable Funds Collected	46.678.107	39.191.290	4.667.811	3.919.129
5	Unsecured Funding other than Retail and Small Business Customers Deposits	25.430.075	19.978.144	11.333.624	7.496.853
6	Operational Funds Collected	16.123.135	13.072.841	4.030.784	3.268.210
7	Non-Operational Funds Collected	8.037.268	5.640.617	4.215.904	2.583.742
8	Other Unsecured Funding	1.269.672	1.264.686	3.086.936	1.644.901
9	Secured funding			-	-
10	Other Cash Outflows	3.018.517	2.425.198	3.018.517	2.425.198
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.018.517	2.425.198	3.018.517	2.425.198
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	16.235.975	9.422.344	1.898.899	1.380.669
16	TOTAL CASH OUTFLOWS			21.170.898	15.221.849
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	9.372.953	5.939.753	7.319.811	4.831.849
19	Other contractual cash inflows	3.037.878	2.397.809	3.037.878	2.397.809
20	TOTAL CASH INFLOWS	12.410.831	8.337.562	10.357.689	7.229.658
				Upper limit applied amounts	
21	TOTAL HQLA			36.838.796	32.873.748
22	TOTAL NET CASH OUTFLOWS			10.813.209	7.992.191
23	Liquidity Coverage Ratio (%)			340,68	411,32

^(*) Calculated from the average amounts of the last three months (calculated as of end of the month)

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	303,54	352,31
Date	November 30, 2021	November 30, 2021
Highest	377,31	442,79
Date	October 31, 2021	October 31, 2021
Average	340,68	411,32

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VI. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
		TL+FC	FC	TL+FC	FC
	Prior Period				
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			17.944.736	15.283.364
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	31.872.530	22.571.143	2.980.865	2.257.114
3	Stable Funds Collected	4.127.753	-	206.388	-
4	Less stable Funds Collected	27.744.777	22.571.143	2.774.477	2.257.114
5	Unsecured Funding other than Retail and Small Business Customers Deposits	16.095.895	11.597.593	7.995.215	5.311.412
6	Operational Funds Collected	9.756.716	7.568.365	2.439.179	1.892.091
7	Non-Operational Funds Collected	4.090.810	1.944.013	1.813.377	803.307
8	Other Unsecured Funding	2.248.369	2.085.215	3.742.659	2.616.014
9	Secured funding			-	-
10	Other Cash Outflows	2.504.337	1.325.553	2.504.337	1.325.553
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.504.337	1.325.553	2.504.337	1.325.553
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	11.333.373	5.429.471	1.087.474	661.606
16	TOTAL CASH OUTFLOWS			14.567.891	9.555.685
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.088.663	4.663.950	5.870.652	4.167.086
19	Other contractual cash inflows	2.528.119	2.312.918	2.528.119	2.312.918
20	TOTAL CASH INFLOWS	9.616.782	6.976.868	8.398.771	6.480.004
				Upper limit applied amounts	
21	TOTAL HQLA			17.944.736	15.283.364
22	TOTAL NET CASH OUTFLOWS			6.169.120	3.075.681
23	Liquidity Coverage Ratio (%)			290,88	496,91

^(*) Calculated from the average amounts of the last three months (calculated as of end of the month)

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	272,72	439,29
Date	November 30, 2020	December 31, 2020
Highest	300,51	571,64
Date	October 31, 2020	November 30, 2020
Average	290,88	496,91

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

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VI. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. Group's high quality liquid assets are composed of 6,56% cash, 55,36% deposits in central banks and 38,08% securities considered as high-quality liquid assets.

Group's main funding sources are funds collected, funds borrowed, borrowings from money market, issued securities and subordinated loans. Funding source composition in report date is 91,63% funds collected, 8,37% funds borrowed, borrowings from money market, subordinated loans and securities issued.

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

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

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VI. Explanations on consolidated liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (""""")	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	10.619.482	15.878.705	-	-	-	-	-	26.498.187
Banks	3.627.891	1.517.713	131.344	-	-	-	-	5.276.948
Financial Assets at Fair Value Through Profit and Loss ⁽¹⁾	92.565	305.471	1.375.712	119.445	5.998.363	49.657	-	7.941.213
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	24.686	-	340.635	154.728	232.309	-	-	752.358
Loans ⁽²⁾	127.091	4.112.062	8.802.171	18.970.700	20.049.411	3.749.918	1.125.194	56.936.547
Financial Assets Measured at Amortised Cost	-	143.301	1.685.594	312.666	5.961.650	-	-	8.103.211
Other Assets ⁽³⁾	-	866	6.814	14.109	163.710	241.543	4.088.942	4.515.984
Total Assets	14.491.715	21.958.118	12.342.270	19.571.648	32.405.443	4.041.118	5.214.136	110.024.448
Liabilities								
Current account and funds collected from banks via participation accounts	1.459.724	248.846	32	19.901	-	-	-	1.728.503
Other current and profit-sharing accounts	44.822.430	34.027.927	7.127.368	3.378.530	123.923	-	-	89.480.178
Funds provided from other financial institutions and subordinated loans	-	1.201.189	731.231	174.008	3.157.461	-	-	5.263.889
Money Market Borrowings	-	1.327	-	-	-	-	-	1.327
Marketable securities issued	-	886.253	2.055.251	123.545	-	-	-	3.065.049
Miscellaneous payables	-	800.096	170.634	65.870	76	-	1.771.982	2.808.658
Other liabilities	775.720	-	700	3.932	108.401	214.808	6.573.283	7.676.844
Total Liabilities	47.057.874	37.165.638	10.085.216	3.765.786	3.389.861	214.808	8.345.265	110.024.448
Net Liquidity Gap	(32.566.159)	(15.207.520)	2.257.054	15.805.862	29.015.582	3.826.310	(3.131.129)	-
Net Off-Balance Sheet								
Position	-	(284.967)	243.204	8.513	-	-	-	(33.250)
Financial Derivative Assets	-	2.701.371	549.987	131.339	-	-	-	3.382.697
Financial Derivative Liabilities	-	2.986.338	306.783	122.826	-	-	-	3.415.947
Non-Cash Loans	11.725.992	164.297	770.409	3.464.733	1.262.356	15.513	-	17.403.300
Prior Period								
Total Assets	8.999.546	11.982.136	8.024.539	14.988.877	18.901.479	2.191.933	4.431.501	69.520.011
Total Liabilities	23.935.016	26.001.910	8.180.244	3.985.161	1.907.424	206.715	5.303.541	69.520.011
Net Liquidity Gap	(14.935.470)	(14.019.774)	(155.705)	11.003.716	16.994.055	1.985.218	(872.040)	-
Net Off-Balance Sheet								
Position	-	(62.018)	(109.221)	(65.751)	-	-	-	(236.990)
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
Non-Cash Loans	6.733.505	238.758	512.408	2.735.817	868.546	32.797	-	11.121.831

⁽¹⁾ Derivative financial instruments are included.

⁽²⁾ Leasing receivables are included under loans. Unallocated amount represents the net non-performing loans

⁽³⁾ 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.

⁽⁴⁾ The unallocated other liabilities column consists of equity, provisions and (if any) deferred tax liabilities.

⁽⁵⁾ The balance represents investment property and other assets.

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VII. Explanations on consolidated leverage ratio:

	Current Period^(**)	Prior Period^(**)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*)	102.949.931	71.007.168
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	6.047.894	6.999.965
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	16.729	1.897.763
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	39.014	30.636
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
Total Risk Amount	123.857.781	85.717.241

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

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

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VII. Explanations on consolidated leverage ratio (continued):

As of December 31, 2021, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 3,30% (December 31, 2020: 4,60%). 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 ^(*)	Prior Period ^(*)
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	103.252.744	71.507.442
2	(Assets deducted from Core capital)	(189.027)	(59.245)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	103.063.717	71.448.197
Derivative financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	157.781	70.179
5	Potential credit risk amount of derivative financial assets and credit derivatives	31.543	35.331
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	189.324	105.510
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	600.159	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)	600.159	303.792
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	20.035.331	13.863.342
11	(Correction amount due to multiplication with credit conversion rates)	(30.750)	(3.600)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	20.004.581	13.859.742
Capital and total risk			
13	Core Capital	4.060.873	3.943.968
14	Total risk amount (sum of lines 3, 6, 9 and 12)	123.857.781	85.717.241
Leverage ratio			
15	Leverage ratio (%)	3,30	4,60

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

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

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

The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated profit share accruals of corresponding financial assets or liabilities.

The fair values of financial assets and liabilities are calculated based on the following principles:

The fair values of investments measured at amortised cost are determined based on market prices. As of December 31, 2021, and December 31, 2020, fair value hierarchy of financial investments measured at amortized cost is determined as level 1.

The fair value of loans is determined by calculating the discounted cash flows using the current market profit share rates.

Carrying value of funds collected via special current accounts and participation accounts is assumed to approximate their fair value as they are valued at year-end unit values.

The fair values of funds collected from financial institutions are determined by calculating the discounted cash flows using the current market profit share rates.

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

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

	Carrying value		Fair value	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Financial Assets				
Money market placements	-	-	-	-
Banks	5.334.061	3.415.141	5.334.061	3.415.141
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	7.852.728	3.982.273	7.852.728	3.982.273
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	752.358	1.070.577	752.358	1.070.577
Financial Assets Measured at Amortised Cost	8.103.211	3.224.800	8.066.060	3.082.412
Loans and financial lease receivables	56.936.547	40.583.346	53.502.790	37.787.460
Financial Liabilities				
Funds collected from banks via current accounts and profit sharing accounts	1.728.503	512.176	1.728.503	512.176
Other current and profit sharing accounts	89.480.178	51.025.193	89.480.178	51.025.193
Funds provided from other financial institutions	5.263.889	4.792.447	5.422.259	4.815.574
Marketable securities issued	3.065.049	4.042.163	3.087.327	4.082.368
Debts to Money Markets	1.327	2.276.453	1.327	2.024.503
Other Liabilities	2.808.658	1.764.098	2.808.658	1.764.098

b. Information on fair value measurement recognized in the financial statements:

TFRS 7 "Financial Instruments: Turkish Financial Reporting Standard Related to Explanations" sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish a basis for fair value measurement. Aforesaid fair value hierarchy is determined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level I);
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in Level 1 (Level II);
- Data not based on observable data regarding assets and liabilities (Level III).

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

b. Information on fair value measurement recognized in the financial statements (continue):

Fair value hierarchy of the financial assets and liabilities of the Parent Bank carried at fair value according to the foregoing principles are given in the table below:

Current period ^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	7.607.936	199.461	45.331	7.852.728
Government Securities	7.558.347	-	-	7.558.347
Equity securities	19.198	-	45.331	64.529
Other Financial Assets	30.391	199.461	-	229.852
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	727.672	-	-	727.672
Equity securities ^(**)	-	-	-	-
Government Securities	727.672	-	-	727.672
Other Financial Assets	-	-	-	-
Derivative Financial Assets	-	88.485	-	88.485
Financial liabilities				
Derivative financial liabilities	-	187.254	-	187.254

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

^(**) Equity securities amounting to TL 24.686 under financial assets measured at fair value through other comprehensive income are not quoted in an active market and hence, they are accounted at cost in the financial statements and not represented above table.

Prior period ^(*)	Level I	Level II	Level III	Total
Financial assets				
Financial assets at fair value through profit and loss	3.971.086	-	11.187	3.982.273
Government Securities	3.788.783	-	-	3.788.783
Equity securities	17.971	-	5.724	23.695
Other Financial Assets	164.332	-	5.463	169.795
Financial assets- available for sale	1.051.111	2.602	-	1.053.713
Equity securities ^(**)	-	-	-	-
Government Securities	1.051.111	-	-	1.051.111
Other Financial Assets	-	2.602	-	2.602
Derivative Financial Liabilities	-	13.684	-	13.684
Financial liabilities				
Derivative financial liabilities held for trading	-	142.596	-	142.596

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

^(**) Equity securities amounting to TL 16.864 under financial assets measured at fair value through other comprehensive income are not quoted in an active market and hence, they are accounted at cost in the financial statements and not represented above table.

Apart from financial assets and financial liabilities, as of December 31, 2021 and 2020, the Parent Bank carries the real estates at fair value under tangible assets. Level III section is used in determining the related fair values.

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IX. Explanations regarding the activities carried out on behalf and account of other persons:

The Parent Bank does not perform purchases, sales and custody services on behalf of its customers. The Parent Bank has no fiduciary transactions.

X. Explanations on consolidated risk management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. Due to usage of standard approach for the calculation of capital adequacy ratio by the Parent Bank, tables which have to be prepared within the scope of Internal rating-based (IRB) approach have not been presented.

a. Consolidated risk management strategy and risk weighted amounts:

a.1. Risk management strategy:

The aim of the Parent Bank's Risk management system is basically to ensure identification, measurement, monitoring and controlling of risks exposed, through establishment of policies, implementation procedure and limits for monitoring, controlling and in case of need changing the risk/return structure of future cash flows, and accordingly nature and level of operations.

The Board of Directors has a responsibility of establishing and providing compatible, adequate and effective system on internal control, risk management and internal auditing as anticipated by the Banking Law for the purpose of monitoring and controlling risks emerging from operations.

The Board of Directors is responsible for establishing risk management policies and strategies. These policies are revised and evaluated periodically according to prevailing market conditions.

The general manager is responsible from ensuring that departments of the Parent Bank operate in accordance with the specified policies and strategies about risk management as determined by the Board of Directors.

The Board of Directors of the Parent Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and unconsolidated basis, setting up limit systems and procedures in the Parent Bank. The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the Parent Bank. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

Ultimate goal of the Parent Bank's risk management system is to allocate capital in accordance with risks that functional activities have (economical capital), to maximize return on capital adjusted according to risk and to increase added value created.

In Asset and Liability Committee, asset-liability structure is managed via evaluating fund collection activities in line with risk management policies and domestic and foreign conditions regarding the bank's fund lending.

The risks that the Parent Bank is exposed to or may be exposed to in the future are determined and the definition of these risks is made. Defined risks are measured and prioritized as far as possible. It is provided that all important risks are in the risk appetite considering the potential impact of the risks and the strategy arising from the Parent Bank's strategies to risk profile. The Parent Bank's strategies are integrated with risk profile and risk appetite. If it is expected that the risk profile is going to change in the future, this change is assessed with the degree of capital impact. While a risk profile is being developed, the risk profile is analyzed based on the risk type, the sector and/or the geographic location.

The Parent Bank's risk tolerance is the most comprehensive calculated risk amount which may be accepted in accordance with the determined mission and vision. In other words, before deciding on the necessity of taking measures, it is the Parent Bank's readiness to exposure of any risk amount. In this respect, the risk tolerance, in connection with the variety of services offered by the Parent Bank, is the level of risk it identifies as acceptable.

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X. Explanations on consolidated on risk management (continued):

The Parent Bank's risk appetite means the amount of risk that can be accepted by the Parent Bank in order to reach the strategic targets, and it includes an acceptable variability around the targets as well.

The common feature of the Parent Bank's risk appetite and risk tolerance is to drive the lines regarding risk acceptance. However, risk tolerance is more comprehensive.

By means of "Risk Appetite Policy" approved by the board of directors, risk levels can be taken to implement risk strategies and to achieve the objectives of the Parent Bank's were identified. Limits, which are determined within the framework of risk profile of the bank in accordance with the Parent Bank's risk appetite and risk tolerance, and triggering functions, were described in detail.

Considering the Parent Bank's financial position, activity profile and the growth expectations of the future, the amount of capital needed for the strategic targets to be met have been calculated by the basis of static and dynamic stress tests and scenario analyses.

Considering the factors that may affect the Parent Bank operates market today and in the future, stress tests and scenario analysis studies on the financial structure of the Parent Bank have been assessed together with the other financial indicators; in this context, a coordination based on harmony was created between prepared capital plans and processes of the Parent Bank.

Aiming to ensure capital allocation compatible with the risks of its functional operations and increase the capital yield set according to these risks to the maximum level, the Parent bank's evaluates risks by classifying them as market risks, liquidity risk, credit risk, operational risk, strategic risk and credibility risk.

Market Risk

The Parent Bank's market risk; refers to the probability of loss may be exposed to exchange rate risk, equity position risk, profit rate risk and commodity risk.

Within the coverage of market risk, the Parent Bank calculates the foreign currency position risk and the security risk, as well as specific risks associated with market risk, by using the Standard approach and reports to it the authorities accordingly on a regular basis. Additionally, for test-purpose, foreign currency position risk of the Parent Bank is measured by internal models. With backtesting applications, deviations between actual values and daily VaR values, predicted by internal models, are observed in order to control accuracy and performance of these models. Potential strength of portfolio against to unexpected risks is measured with stress tests including stress scenarios.

Whether the market risk of the Parent Bank is in conformity with legal regulations and the determined limits is constantly monitored. Our foreign currency risk is discussed and evaluated at every Assets/Liabilities Committee meeting and our foreign currency strategy is based on holding this risk constant by holding to square foreign currency position (i.e. no short or long positions are taken).

Liquidity risk

The Parent Bank's liquidity risk, consists of funding related liquidity risk and market-related liquidity risk.

The liquidity risk is the situation whereby, as a result of any imbalances in the cash flows, there is a potential for not being able to meet the Participation Funds which have matured or other due liabilities in a timely manner due to shortage of liquid funds.

Market liquidity risk is an expression of the likelihood of the Parent Bank's suffering a loss because the Parent Bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility.

Liquidity risk could be caused by such factors as maturity mismatch, deterioration in the quality of assets, unexpected funding outflows, erosion in profitability levels and economic crisis.

In order to manage liquidity risk, the Parent Bank monitors the cash flows on a daily basis and takes preventive and improving measures taken so that commitments are met duly in time. The Liquidity risk is also evaluated by ALCO on a weekly basis.

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X. Explanations on consolidated on risk management (continued):

The Parent Bank applies a policy whereby liquid assets are kept in sufficient volumes and qualities in consideration of the minimum liquidity coverage ratios determined by the related regulations and the liquidity experiences of the past in order to meet any liquidity requirement that could arise with unexpected volatilities in the markets.

Credit risk

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

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

It is systematically not possible for customers to exceed the predetermined and approved limit. Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio.

Utmost care is given to the prevention of risks concentrating on a small number of customers. Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. Credit risks are ensured to be in conformity to "Regulation on Credit Policies and Implementation Procedures".

Operational risk

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

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

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

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

Other risks

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

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

The Parent Bank regards reputational risk as anything that might lead to the Parent Bank's suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors,

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X. Explanations on consolidated on risk management (continued):

regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations.

For the risk of reputation to be avoided and/or controlled by the Parent Bank's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Parent Bank's reputation or image is detected.

Preparations are made for the worst-case scenarios in advance. In the evaluation of the reputation risk, the relationship, level and impact of operational risks to the reputation risk are also taken into account.

Counterparty credit risk is an expression of the likelihood that the counterparty in any transaction that imposes an obligation on two parties will default on the obligation before the final payment in the transaction's cash flow sequence. The Parent Bank manages its counterparty credit risk exposure as required by laws and regulations, taking best practices into consideration, and compatibly with the volume, nature, and complexity of its operations.

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

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

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X. Explanations on consolidated on risk management (continued):

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)	36.040.572	34.772.045	2.883.246
2	Standardised approach (SA)	36.040.572	34.772.045	2.883.246
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	60.985	12.162	4.879
5	Standardised approach for counterparty credit risk (SA-CCR)	60.985	12.162	4.879
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	4.059.574	2.064.728	324.766
17	Standardised approach (SA)	4.059.574	2.064.728	324.766
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	3.513.036	2.944.024	281.043
20	Basic Indicator Approach	3.513.036	2.944.024	281.043
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	43.674.167	39.792.959	3.493.934

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X. Explanations on consolidated on risk management (continued):

b. Financial statements and regulatory exposures reconciliation:

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation:

Current Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
Assets						
Cash and cash equivalents	31.832.672	13.058.732	-	-	-	-
Financial assets at fair value through profit and loss	7.852.728	-	360	-	8.911.944	111.451
Financial Assets at Fair Value through Other Comprehensive Income	752.358	752.358	-	-	-	-
Financial Assets Measured at Amortised Cost	8.103.211	6.103.211	-	-	-	-
Derivative Financial Assets	88.485	-	90.479	-	88.845	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	57.537	-	-	-	-	57.537
LOANS (Net)	56.936.547	43.506.451	-	-	-	(523.675)
Loans	55.521.541	43.146.767	-	-	-	7.187
Financial Lease Receivables	820.674	438.842	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	3.783.237	2.578.885	-	-	-	-
Expected Credit Losses (-)	3.188.905	2.658.043	-	-	-	530.862
Assets Held for Sale and Assets of Discontinued Operations (Net)	118.978	118.978	-	-	-	-
Ownership Investments	357.379	357.379	-	-	-	-
Tangible Assets (Net)	1.509.980	1.431.298	-	-	-	21.295
Intangible Assets (Net)	92.266	34.630	-	-	-	87.948
Investment Property (Net)	1.035.405	1.035.405	-	-	-	-
Current Tax Asset	2.737	2.737	-	-	-	-
Deferred Tax Asset	489.049	489.049	-	-	-	-
Other Assets	910.190	910.190	-	-	-	-
Total assets	110.024.448	67.800.418	90.839	-	9.000.789	(360.518)
Liabilities						
Funds collected	91.208.681	-	-	-	-	91.236.649
Funds borrowed	2.144.535	-	-	-	-	6.259.215
Borrowings from money markets	1.327	-	-	-	-	1.327
Securities issued	3.065.049	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	187.254	-	-	-	-	187.254
Lease Payables	349.614	-	-	-	-	349.614
Provisions	313.991	9.710	-	-	-	302.368
Current Tax Liability	126.805	-	-	-	-	117.218
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	3.119.354	-	-	-	-	3.119.354
Other Liabilities	2.808.658	-	-	-	-	2.745.561
Shareholders' equity	6.699.180	-	-	-	-	4.626.853
Total liabilities	110.024.448	9.710	-	-	-	108.945.413

(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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X. Explanations on consolidated risk management (continued):

b. Financial statements and regulatory exposures reconciliation (continued):

b.1. Differences and Matching Between Accounting-related Consolidation and Legal Consolidation (continued):

Prior Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk ⁽¹⁾	Not subject to capital requirements or deducted from capital
Assets						
Cash and cash equivalents	16.659.573	16.659.573	-	-	-	-
Financial assets at fair value through profit and loss	3.982.273	-	175	-	3.982.273	-
Financial Assets at Fair Value through Other Comprehensive Income	1.070.577	1.070.577	-	-	-	-
Financial Assets Measured at Amortised Cost	3.224.800	3.224.800	-	-	-	-
Derivative Financial Assets	13.684	-	13.684	-	13.684	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	35.426	-	-	-	-	35.426
LOANS (Net)	40.583.346	41.161.111	-	-	-	(577.765)
Loans	40.010.528	40.003.636	-	-	-	6.892
Financial Lease Receivables	360.149	360.149	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	2.045.276	2.045.276	-	-	-	-
Expected Credit Losses (-)	1.832.607	1.247.950	-	-	-	584.657
Assets Held for Sale and Assets of Discontinued Operations (Net)	131.050	131.050	-	-	-	-
Ownership Investments	327.378	327.378	-	-	-	-
Tangible Assets (Net)	1.389.470	1.369.130	-	-	-	20.340
Intangible Assets (Net)	46.887	2.575	-	-	-	44.312
Investment Property (Net)	1.261.475	1.261.475	-	-	-	-
Current Tax Asset	3.750	3.750	-	-	-	-
Deferred Tax Asset	191.360	191.360	-	-	-	-
Other Assets	669.814	669.814	-	-	-	-
Total assets	69.520.011	66.072.593	13.859	-	3.995.957	(548.539)
Liabilities						
Funds collected	51.537.369	-	-	-	-	51.537.369
Funds borrowed	3.059.885	-	-	-	-	3.059.885
Borrowings from money markets	2.276.453	-	-	-	-	2.276.453
Securities issued	4.042.163	-	-	-	-	4.042.163
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	142.596	-	-	-	-	142.596
Lease Payables	328.395	-	-	-	-	328.395
Provisions	202.524	8.698	-	-	-	193.826
Current Tax Liability	85.030	-	-	-	-	85.030
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.732.562	-	-	-	-	1.732.562
Other Liabilities	1.764.098	-	-	-	-	1.764.098
Shareholders' equity	4.348.936	-	-	-	-	4.348.936
Total liabilities	69.520.011	8.698	-	-	-	69.511.313

⁽¹⁾ Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

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X. Explanations on consolidated risk management (continued):

b.2. Main reasons of the differences between the risk amounts and Carrying Value in accordance with Turkish Accounting Standards (TAS):

Current Period		Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ^(*)
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	110.024.448	67.800.418	-	90.839	9.000.789
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	9.710	-	-	-
3	Total net amount within the scope of legal consolidation	110.024.448	67.790.708	-	90.839	9.000.789
4	Off balance sheet amounts	27.737.356	8.171.482	-	35.136	-
5	Repo and similar transactions ^(**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(4.697.829)	-	-	-
10	Risk amounts	137.761.804	71.264.361	-	125.975	9.000.789

^(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

^(**) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

	Prior Period		Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk ⁽¹⁾
		Total				
1	Carrrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	69.520.011	66.072.593	-	13.859	3.995.957
2	Carrrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	8.698	-	-	-
3	Total net amount within the scope of legal consolidation	69.520.011	66.063.895	-	13.859	3.995.957
4	Off balance sheet amounts	20.658.930	6.246.299	-	36.296	-
5	Repo and similar transactions ^(**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(14.885.760)	-	-	-
10	Risk amounts	90.178.941	57.424.434	-	50.155	3.995.957

^(*) Represents the valued amounts of items subject to general market risk and specific risk according to Turkish Accounting Standards.

^(**) In accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is counterparty credit risk amount calculated for repurchase agreements and similar transactions.

b.3. Explanations on differences between carrying values in accordance with Turkish Accounting Standards (TAS) and risk amounts:

There is no significant difference between the financial statement amounts of assets and liabilities and the amounts included in capital adequacy calculation.

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X. Explanations on consolidated risk management (continued):

c. Consolidated Credit risk:

c.1. General information on credit risk:

c.1.1. General qualitative information on credit risk:

This information is already included in (II.) Explanations on consolidated credit risk (X.a.1) The Parent Bank's risk management approach.

c.1.2. Credit quality of assets:

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	3.783.237	56.395.588	3.242.278	56.936.547
2 Debt securities	-	8.381.311	25.163	8.356.148
3 Off-balance sheet exposures	152.901	20.785.811	27.275	20.911.437
4 Total	3.936.138	85.562.710	3.294.716	86.204.132

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	2.045.276	40.433.986	1.895.916	40.583.346
2 Debt securities	-	8.070.374	19.153	8.051.221
3 Off-balance sheet exposures	61.872	14.304.996	34.741	14.332.127
4 Total	2.107.148	62.809.356	1.949.810	62.966.694

c.1.3. Changes in stock of default loans and debt securities:

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	2.107.148	2.289.941
2 Loans and debt securities that have defaulted since the last reporting period	2.458.517	1.657.706
3 Receivables back to non-defaulted status	(8.341)	(1.172.677)
4 Amounts written off	(249.185)	(53.145)
5 Other changes	(372.001)	(614.677)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	3.936.138	2.107.148

c.1.4. Additional information on credit quality of assets:

The scope and definitions of past due receivables and the methods used by the Parent Bank to determine the provisions are mentioned in the Explanations on Credit risk.

The Parent Bank may restructure not only non-performing credits but also the first and the second stage credits. Restructuring for the first and the second stage credits are made to improve the customer's ability to repay the credit or for changes in contractual terms upon the customer request regardless of the customer's credit risk. Restructuring for non-performing credits are made for providing collection possibility by establishing a new payment plan.

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X. Explanations on consolidated risk management (continued):

c.1.4. Additional information on credit quality of assets (continued):

Breakdown for receivables in terms of sectors are stated in "II. Explanations on consolidated credit risk", footnote 8 "Profile of significant risks in significant regions"

Breakdowns according to the remaining maturity for past due receivables and in terms of geographic locations receivables that specific provisions are set are represented below. In accordance with resolution of the Board of the Parent Bank, TL 249.185 has been written off.

Aging analysis for past due receivables:

As per Financial instruments segmentations, aging analysis of past due but not impaired financial assets is as follows:

	0-30 Days	31-90 Days	Total
Current Period	691.894	5.742.345	6.434.239
	0-30 Days	31-90 Days	Total
Prior Period	858.224	3.535.599	4.393.823

Receivables that provisions are set in terms of geographical region:

Current Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	3.738.378	2.628.505
Off-shore Banking Countries	25.730	23.288
Other Countries	19.129	6.250
General Total	3.783.237	2.658.043

^(*) Represents amounts for cash loans.

Prior Period	Non-performing Loans^(*)	Specific Provision^(*)
Domestic	1.998.272	1.202.596
Off-shore Banking Countries	41.509	41.509
Other Countries	5.495	3.845
General Total	2.045.276	1.247.950

^(*) Represents amounts for cash loans.

c.2. Credit risk mitigation

c.2.1. Qualitative disclosure on credit risk mitigation techniques:

On and off-balance sheet offsetting agreements are not utilized.

The Parent Bank, the risk mitigators that are used in credit process in compliance with Communiqué "The Risk Mitigation Techniques" which is published at September 6, 2014 are stated below.

- a) Financial Collaterals (Government Securities, Cash, Deposit or Participation Fund Pledge, Gold, Stock Pledge)
- b) Guarantees

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods. Collaterals obtained by the Parent Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

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X. Explanations on consolidated risk management (continued):

c.2. Credit risk mitigation (continued)

c.2.1. Qualitative disclosure on credit risk mitigation techniques (continued):

If there are indicators on significant decreases of real estate's value in comparison to general market prices, the real estate's valuation is performed by the authorised valuation corporations authorised by Banking Regulation and Supervision Agency or Capital Markets Board of Turkey.

The Parent Bank monitors other banks' guarantees that are evaluated as risk mitigators within the framework of BRSA regulations on a regular basis and reviews the credibility of banks periodically.

The volatility in real estate market is monitored closely by the Parent Bank and the market fluctuations are considered in credit activities.

c.2.2. Credit risk mitigation techniques:

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	41.491.404	15.445.143	12.853.182	5.192.318	3.918.228	-	-
2	Debt securities	8.356.148	-	-	-	-	-	-
3	Total	49.847.552	15.445.143	12.853.182	5.192.318	3.918.228	-	-
4	Of which defaulted	1.006.082	119.112	93.182	8.158	6.793	-	-

Prior Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	31.475.452	9.107.894	6.613.219	2.807.859	1.721.313	-	-
2	Debt securities	8.051.221	-	-	-	-	-	-
3	Total	39.526.673	9.107.894	6.613.219	2.807.859	1.721.313	-	-
4	Of which defaulted	622.366	174.960	75.150	2.597	1.527	-	-

c.3. Credit risk under standardised approach:

c.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk:

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote section four numbered II.9 Explanations on Consolidated Credit Risk.

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X. Explanations on consolidated risk management (continued):

c.3.2. Credit risk exposure and credit risk mitigation techniques:

Current Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes							
1	Receivables from central governments or central banks	19.422.851	644	19.514.846	319	-	0,00%
2	Receivables from regional or local governments	112.481	-	113.103	-	56.241	49,73%
3	Receivables from administrative units and non-commercial enterprises	19.832	54.203	19.832	24.978	35.606	79,46%
4	Receivables from multilateral development banks	-	-	-	-	-	0,00%
5	Receivables from international organizations	-	-	-	-	-	0,00%
6	Receivables from banks and brokerage houses	5.013.929	1.368.977	5.222.460	1.255.906	2.115.078	32,65%
7	Receivables from corporates	16.554.063	7.974.394	16.311.189	4.117.293	19.563.573	95,77%
8	Retail receivables	5.618.454	6.173.231	5.560.804	2.239.105	5.652.742	72,47%
9	Receivables secured by mortgages on property	2.501.573	167.213	2.501.439	58.517	908.718	35,50%
10	Receivables secured by mortgages on commercial property	6.407.952	950.619	6.407.463	471.916	3.341.111	48,57%
11	Past due receivables	621.801	-	621.801	-	672.763	108,20%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	0,00%
13	Collateralized Securities	-	-	-	-	-	0,00%
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	0,00%
15	Investments similar to collective investment funds	-	-	-	-	-	0,00%
16	Other receivables	6.688.621	17.234	6.688.620	3.448	3.563.418	53,25%
17	Equity share investments	131.322	-	131.322	-	131.322	100,00%
18	Total	63.092.879	16.706.515	63.092.879	8.171.482	36.040.572	50,57%

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X. Explanations on consolidated risk management (continued):

c.3.2. Credit risk exposure and credit risk mitigation techniques (continued):

Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Risk classes						
1 Receivables from central governments or central banks	12.075.854	1.337	12.787.975	580	96	0,00%
2 Receivables from regional or local governments	263.340	-	263.708	-	131.670	49,93%
3 Receivables from administrative units and non-commercial enterprises	50.209	46.608	50.209	21.445	59.780	83,43%
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	4.095.527	516.991	4.183.430	433.589	2.220.032	48,08%
7 Receivables from corporates	18.680.521	6.492.853	18.368.520	3.592.118	21.529.150	98,04%
8 Retail receivables	5.606.373	5.011.676	5.123.747	1.843.927	5.046.352	72,43%
9 Receivables secured by mortgages on property	1.280.173	69.861	1.275.375	28.386	456.071	34,98%
10 Receivables secured by mortgages on commercial property	2.260.679	609.355	2.260.679	323.546	1.316.427	50,94%
11 Past due receivables	515.372	-	514.406	-	536.483	104,29%
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	2.603	-	2.603	-	2.603	100,00%
16 Other receivables	6.248.805	13.538	6.248.804	2.708	3.374.702	53,98%
17 Equity share investments	98.679	-	98.679	-	98.679	100%
18 Total	51.178.135	12.762.219	51.178.135	6.246.299	34.772.045	60,55%

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X. Explanations on consolidated risk management (continued):

c.3.3 Exposures by asset classes and risk weights:

Current Period		35% secured by Property mortgage										Total risk amount (post-CCF and CRM)
	Risk Classes/Risk Weighted	0%	10%	20%		50%	75%	100%	150%	250%	Others	
1	Receivables from central governments or central banks	19.514.867	-	-	-	298	-	-	-	-	-	19.515.165
2	Receivables from regional or local governments	-	-	-	-	113.103	-	-	-	-	-	113.103
3	Receivables from administrative units and non-commercial enterprises	489	-	10.894	-	-	-	33.427	-	-	-	44.810
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	1.206.229	-	3.546.949	-	430.468	-	1.294.720	-	-	-	6.478.366
7	Receivables from corporates	624.083	-	434.635	-	91.440	-	19.251.576	26.748	-	-	20.428.482
8	Retail receivables	181.125	-	230.418	-	-	7.302.726	-	85.640	-	-	7.799.909
9	Receivables secured by mortgages on property	2.954	-	4.276	2.520.147	13.536	-	19.043	-	-	-	2.559.956
10	Receivables secured by mortgages on commercial property	110.407	-	32.399	-	6.734.374	-	384	1.815	-	-	6.879.379
11	Past due receivables	95	-	15	-	198.555	-	122.446	300.690	-	-	621.801
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	2.148.830	-	1.224.775	-	-	-	3.318.463	-	-	-	6.692.068
17	Equity share investments	-	-	-	-	-	-	131.322	-	-	-	131.322
18	Total	23.789.079	-	5.484.361	2.520.147	7.581.774	7.302.726	24.171.381	414.893	-	-	71.264.361

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X. Explanations on risk management (continued):

c.3.3 Exposures by asset classes and risk weights (continued):

Prior Period		35% secured by Property mortgage										Total risk amount (post-CCF and CRM)
	Risk Classes/Risk Weighted	0%	10%	20%		50%	75%	100%	150%	200%	Others	
1	Receivables from central governments or central banks	12.726.101	-	-	-	62.358	-	96	-	-	-	12.788.555
2	Receivables from regional or local governments	-	-	-	-	263.708	-	-	-	-	-	263.708
3	Receivables from administrative units and non-commercial enterprises	508	-	14.208	-	-	-	56.938	-	-	-	71.654
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	5.103	-	2.834.996	-	159.870	-	1.617.050	-	-	-	4.617.019
7	Receivables from corporates	206.881	-	238.322	-	193.654	-	21.321.781	-	-	-	21.960.638
8	Retail receivables	136.943	-	161.768	-	-	6.668.963	-	-	-	-	6.967.674
9	Receivables secured by mortgages on property	2.467	-	2.726	1.293.696	4.282	-	590	-	-	-	1.303.761
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.535.596	-	48.629	-	-	-	2.584.225
11	Past due receivables	56	-	4	-	144.754	-	180.881	188.711	-	-	514.406
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	2.603	-	-	-	2.603
16	Other receivables	2.241.660	-	793.938	-	-	-	3.215.914	-	-	-	6.251.512
17	Equity share investments	-	-	-	-	-	-	98.679	-	-	-	98.679
18	Total	15.319.719	-	4.045.962	1.293.696	3.364.222	6.668.963	26.543.161	188.711	-	-	57.424.434

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X. Explanations on consolidated risk management (continued):

ç. Consolidated counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk (CCR):

Derivatives and repurchase transactions in the calculation of counterparty credit risk are calculated according to the fair value in accordance with "Appendix-2 of Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated October 23, 2015 and numbered 29511. The sum of potential future exposures and positive replacement costs is taken in the calculation of the risk amount related to derivative transactions.

The Parent Bank prepared "Charter on the Counterparty Credit Risk Management Policy and Implementation Procedures" in order to determine the basic principles that manage the counterparty credit risk and this regulation was approved by the Board of Directors. The Board of Directors periodically reviews and assesses the related policy.

ç.2. Counterparty credit risk (CCR) approach analysis:

Current Period		Replacement cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	90.839	35.136		-	125.975	43.712
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						43.712

^(*) Effective Expected Positive Exposure

Prior Period		Replacement cost	Potential future exposure	EEPE ^(*)	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	13.859	36.296		-	50.155	9.341
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						9.341

^(*) Effective Expected Positive Exposure

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X. Explanations on consolidated risk management (continued):

ç.3. Capital requirement for credit valuation adjustment (CVA):

		Current Period		Prior Period	
		EAD post- CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation		-	-	-	-
1	(i) VaR component (including the 3xmultiplier)		-		-
2	(ii) Stressed VaR component (including the 3xmultiplier)		-		-
3	All portfolios subject to the Standardised CVA capital obligation	125.975	17.273	50.155	2.821
4	Total subject to the CVA capital obligation	125.975	17.273	50.155	2.821

ç.4. CCR exposures by risk class and risk weights:

Current Period												
Risk Weighted												
Risk Classes	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Total credit exposure ^(*)
Receivables from central governments or central banks	77.073	-	-	-	-	-	-	-	-	-	-	77.073
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	6.487	-	-	-	-	-	-	-	-	6.487
Receivables from corporates	-	-	-	-	-	-	-	42.415	-	-	-	42.415
Retail receivables	-	-	-	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-
Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	77.073	-	6.487	-	-	-	-	42.415	-	-	-	125.975

(*) Total credit risk: Represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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X. Explanations on consolidated risk management (continued):

ç.4. CCR exposures by risk class and risk weights (continued):

Prior Period	Risk Weighted								Total credit exposure ^(*)
Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	
Receivables from central governments or central banks	38.142	-	-	-	-	-	-	-	38.142
Receivables from regional or local governments	-	-	-	-	-	-	-	-	-
Receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-	-	-	-
Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-
Receivables from international organizations	-	-	-	-	-	-	-	-	-
Receivables from banks and brokerage houses	-	-	2.746	951	-	-	-	-	3.697
Receivables from corporates	-	-	-	-	-	8.316	-	-	8.316
Retail receivables	-	-	-	-	-	-	-	-	-
Receivables secured by mortgages on property	-	-	-	-	-	-	-	-	-
Past due receivables	-	-	-	-	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-
Securitisation positions	-	-	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	38.142	-	2.746	951	-	8.316	-	-	50.155

^(*) Total credit risk: Represents the amount relating to CAR calculation after application of counterparty risk measurement techniques.

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X. Explanations on consolidated risk management (continued):

ç.5. Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	4.440	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	4.440	-	-	-	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	5.597	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	5.597	-	-	-	-

ç.6. Information on the risks of the Parent Bank arising from purchased or sold credit derivatives

The Parent Bank does not have any risks arising from purchased or sold credit derivatives (December 31, 2020: None).

ç.7. Information on risks of the Parent Bank arising from central counterparty

The Parent Bank does not have any risks arising from central counterparty (December 31, 2020: None).

d. Consolidated securitization explanations:

There is not any information to be announced to public on securitization (December 31, 2020: None).

e. Consolidated market risk

e.1. Qualitative disclosure on market risk:

The Parent Bank measures market risk by using the standard method in accordance with "Regulation on the Measurement and Assessment of the Capital Adequacy of Banks" dated October 23, 2015 and numbered 29511 and allocates legal capital on this basis. On the other hand, the market risk is also calculated by using the internal model for testing (Value at Risk) and the results found are supported by considering backtesting results. The market risk value (Value at Risk) calculated by using the internal model is calculated on a daily basis by using Variance-Covariance, EWMA, Monte Carlo and Historical Simulation methods and is reported to the top management.

The Board of Directors sets limits for these risks by considering the main risks and revises these limits periodically in line with market conditions and the Parent Bank's strategies. In addition, the Board of Directors ensures that the risk management unit and senior management take all necessary measures to identify, measure, prioritize, and reduce at an acceptable level and to manage the various risks that the Parent Bank is exposed to.

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X. Explanations on consolidated risk management (continued):

Risks that positions held by the Parent Bank under on-balance sheet and off-balance sheet accounts may occur due to fluctuations in financial markets are measured. Information about the market risk considered in the calculation of legal capital as follows.

e.2. Market risk under standardised approach:

		Current Period	Prior Period
		RWA	RWA
Outright products			
1	Profit rate risk (general and specific)	2.439.588	487.590
2	Equity risk (general and specific)	145.677	226.818
3	Foreign exchange risk	1.038.213	1.226.213
4	Commodity risk	436.096	124.107
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	4.059.574	2.064.728

f. Consolidated Operational risk:

Capital requirement for operational risk is calculated annually by using the Basic Indicator Method in accordance with Article 24 of the Regulation on the Measurement and Assessment of Capital Adequacy of Banks. As of December 31, 2021, amount subject to operational risk and the calculation information are given below:

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	1.673.004	1.601.280	2.346.573	1.873.619	15	281.043
Amount subject to Operational Risk (Total*12,5)						3.513.036

g. Qualitative disclosure on profit rate risk arising from banking books

a. Important assumptions including the nature of profit rate risk arising from banking books and the early repayment of loans and movements in deposits other than time deposits with measurement frequency of the profit rate risk

Profit rate risk arising from banking books measures profit rate risk arising from on-balance sheet and off-balance sheet positions in the Parent Bank's banking books by standard shock method.

The Parent Bank calculates and measures legal ratio for profit rate risk arising from banking books on a monthly basis in accordance with "Regulation on Measurement and Assessment of Interest Rate Risk arising from Banking Books by Standard Shock Method" that have been published in Official Gazette numbered 28034 and dated August 23, 2011.

Profit share-yield assets, liabilities that profit share is paid, restructuring risk, yield curve risk in banking books and changes in profit rates occurred in market conditions are monitored, assessed, measured and managed by the Parent Bank in the calculations made within the scope of the related regulation.

Against the risk that these matters may affect the Parent Bank's capital negatively, these risks are assessed and managed on a weekly basis within the scope of the Charters established by the Board of Directors.

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X. Explanations on consolidated risk management (continued):

b. Economic value differences arising from profit rate fluctuations in accordance with Regulation on Measurement and Assessment of Profit Rate Risk arising from Banking Books by Standard Shock Method:

Currency	Applied Shock (+/-x basis point)	Gains/ (Losses)	Gains/Equity (Losses/Equity) (%)
TL	(+) 500bp	(352.883)	(5,51)
TL	(-) 400bp	328.388	5,13
USD	(+) 200bp	154.383	2,41
USD	(-) 200bp	(47.496)	(0,74)
EUR	(+) 200bp	(16.214)	(0,25)
EUR	(-) 200bp	7.572	0,12
Total (For Negative Shocks)	-	288.464	4,51
Total (For Positive Shocks)	-	(214.714)	(3,35)

XI. Explanations on consolidated business segments:

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

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(207.316)	2.844.854	1.664.024	469.647	4.771.209
Operating Expenses ^(*)	(1.169.238)	(1.935.643)	(646.186)	(90.344)	(3.841.411)
Operating Income/Expenses	(1.376.554)	909.211	1.017.838	379.303	929.798
Profit/(Loss) Before Tax	(1.376.554)	909.211	1.017.838	379.303	929.798
Tax Income (Expense)	-	-	-	12.663	12.663
Current Year Profit/(Loss)	(1.376.554)	909.211	1.017.838	391.966	942.461
Total Assets	4.505.547	54.710.653	46.176.835	4.631.413	110.024.448
Total Liabilities	61.601.748	34.385.240	8.752.365	5.285.095	110.024.448

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(250.238)	2.284.745	1.030.512	174.025	3.239.044
Operating Expenses ^(*)	(1.018.033)	(1.478.196)	(388.599)	30.678	(2.854.150)
Operating Income/Expenses	(1.268.271)	806.549	641.913	204.703	384.894
Profit/(Loss) Before Tax	(1.268.271)	806.549	641.913	204.703	384.894
Tax Income (Expense)	-	-	-	(73.788)	(73.788)
Current Year Profit/(Loss)	(1.268.271)	806.549	641.913	130.915	311.106
Total Assets	4.029.989	38.607.745	23.912.672	2.969.605	69.520.011
Total Liabilities	33.945.848	20.068.499	11.271.373	4.234.291	69.520.011

^(*) Operating expenses have been allocated to business segments by using branch segment and number of branch employees.

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SECTION FIVE

Explanations and notes on the consolidated financial statements

I. Explanations and notes related to consolidated assets:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	158.510	1.636.898	153.161	1.304.238
CBRT	1.477.835	21.001.121	1.100.016	9.074.885
Other ^(*)	184.487	2.039.760	117.876	1.494.256
Total	1.820.832	24.677.779	1.371.053	11.873.379

^(*) Includes precious metals amounting to TL 528.804 (December 31, 2020: TL 768.007) and cash in transit amounting to TL 1.695.443 (December 31, 2020: TL 844.125) as of December 31, 2021.

b. Information related to CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	1.436.022	5.163.805	1.092.052	2.012.553
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	41.813	15.837.316	7.964	7.062.332
Total	1.477.835	21.001.121	1.100.016	9.074.885

^(*) As of December 31, 2021, the reserve requirement held in standard gold is TL 3.135.299 (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 December 31, 2021, the compulsory rates for the reserve deposits for Turkish Lira are implemented within an interval from 4,5% to 9,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6,5% to 27,5% depending on maturity of deposits and other liabilities.

Starting from December 17, 2021 (including) reserve requirement maintenance date, remuneration rates that differ between 8,5% and 14% 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
Banks				
Domestic ^(*)	1.531.688	1.039.578	781.048	1.427.679
Abroad	-	2.762.795	-	1.206.414
Foreign head offices and branches	-	-	-	-
Total	1.531.688	3.802.373	781.048	2.634.093

^(*) Includes blockaged amount TL 1.480.543 (December 31, 2020: TL 764.198) booked under TL accounts arising from POS transactions

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

c.2. Information on foreign bank accounts:

	Current period		Prior Period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	1.060.926	-	426.874	-
USA and Canada	657.063	-	247.689	-
OECD Countries ^(*)	61.275	-	26.696	-
Off-shore banking regions	14.204	-	8.040	-
Other ^(**)	797.251	172.076	396.892	100.223
Total	2.590.719	172.076	1.106.191	100.223

^(*) OECD countries other than EU countries, USA and Canada.

^(**) Represents the balance amounts to TL 703.028 in Iraq Banks belonging to Parent Bank's foreign branches "Erbil" and "Baghdad" (December 31, 2020: TL 330.923).

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

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

As of December 31, 2021, there is not any amount subject to repurchase agreements (December 31, 2020: TL 427.455).

As of December 31, 2021, the collateralized /blocked nominal amount is TL 6.916 (December 31, 2020: TL 5.655).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk	915.941	6.850.650	711.417	3.235.680
Equity Securities	45.331	19.198	12.921	10.774
Others	1.814	19.794	86	11.395
Total	963.086	6.889.642	724.424	3.257.849

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

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

As of December 31, 2021, there is not any amount subject to repurchase agreements (December 31, 2020: TL 161.208).

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

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

	Current Period	Prior Period
Debt securities	733.943	1.053.922
Quoted on a stock exchange	733.943	1.053.922
Unquoted	-	-
Investment Funds	-	2.602
Quoted on a stock exchange	-	-
Unquoted	-	2.602
Share certificates	24.686	16.864
Quoted on a stock exchange	-	-
Unquoted	24.686	16.864
Impairment provision (-)	6.271	2.811
Total	752.358	1.070.577

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

4. Information on financial assets measured at amortised cost:

a. Information on financial assets measured at amortised cost subject to repurchase transactions, given as collateral or blocked:

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

As of December 31, 2021, the collateralized/blocked nominal amount is TL 539.107. (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 ^(*)	8.103.211	3.224.800
Total	8.103.211	3.224.800

^(*) 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	8.103.211	3.224.800
Quoted on a stock exchange	8.103.211	3.224.800
Unquoted	-	-
Impairment provision (-)	-	-
Total	8.103.211	3.224.800

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	2.602.268	424.544
Purchases during period ^(*)	3.762.132	1.740.999
Disposals through sales and redemptions ^(*)	(1.510.652)	(957.473)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	24.663	22.411
Closing balance	8.103.211	3.224.800

^(*) 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	32.030	-	5.725	-
Swap Transactions	56.455	-	7.959	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	88.485	-	13.684	-

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

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

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	102.174	5.591	119.171	12.696
Corporate shareholders	98.481	5.591	114.657	12.346
Real person shareholders	3.693	-	4.514	350
Indirect loans granted to shareholders	1.219.475	64.583	818.807	34.537
Loans granted to employees	20.765	39.800	16.439	2.000
Total	1.342.414	109.974	954.417	49.233

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

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

Current Period		Loans Under Close Monitoring		
		Not under the scope of restructuring or rescheduling	Restructured	
Cash Loans	Standard loans		Loans with revised contract terms	Refinancing
Loans	49.825.565	2.267.843	1.701.046	1.727.087
Export loans	3.692.880	16.226	-	-
Import loans	4.146.656	42.483	1.062	-
Business loans	21.053.122	1.684.456	1.503.531	1.722.322
Consumer loans	4.206.014	95.720	3.235	-
Credit cards	698.692	4.718	111	-
Loans given to financial sector	2.013.033	-	-	-
Other ^(*)	14.015.168	424.240	193.107	4.765
Other receivables	-	-	-	-
Total	49.825.565	2.267.843	1.701.046	1.727.087

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

Commercial loans with installments	3.625.314
Other investment credits	3.001.637
Loans given to abroad	3.570.730
Profit and loss sharing investments ^(**)	3.908.579
Loans for purchase of marketable securities for customer	470.413
Other	60.607
Total	14.637.280

^(**) As of December 31, 2021, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Parent Bank. As of December 31, 2021, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 37.360 for 2021 (TL 146.893 valuation profit, TL 109.533 valuation loss) between the total risk of the Parent Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 314.710 and valuation loss is TL 53.373 for profit and loss sharing investments

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

6. Information on loans (continued):

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

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

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
Loans	36.496.370	1.617.583	1.180.435	716.140
Export loans	2.135.811	7.051	-	-
Import loans	2.767.225	26.060	29.495	-
Business loans	16.728.565	1.471.553	825.171	676.532
Consumer loans	3.783.301	60.337	15.812	-
Credit cards	452.167	2.326	-	-
Loans given to financial sector	1.625.242	-	-	-
Other ^(*)	9.004.059	50.256	309.957	39.608
Other receivables	-	-	-	-
Total	36.496.370	1.617.583	1.180.435	716.140

^(*) 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 ^(**)	3.200.820
Loans for purchase of marketable securities for customer	301.110
Other	20.529
Total	9.403.880

^(*) 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 Parent Bank. As of December 31, 2020, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 94.353 for 2020 (TL 97.309 valuation profit, TL 2.956 valuation loss) between the total risk of the Parent Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 271.089 and valuation loss is TL 61.984 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	163.379	-
Significant Increase in Credit Risk	-	367.483
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 consolidated assets (continued):

6. Information on loans (continued):

c. Maturity analysis of cash loans:

Cash Loans	Standard Loans	Loans Under Follow-Up	
		Non-restructured	Restructured
Cash Loans			
Current Period			
Short term loans	9.732.110	1.123.635	-
Medium and long-term loans ^(*)	40.093.455	3.853.653	718.688
Total	49.825.565	4.977.288	718.688

^(*) Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

Cash Loans	Standard Loans	Loans Under Follow-Up	
		Non-restructured	Restructured
Cash Loans			
Prior Period			
Short term loans	8.976.400	249.586	-
Medium and long-term loans ^(*)	27.519.970	1.367.997	1.896.575
Total	36.496.370	1.617.583	1.896.575

^(*) Loans with original maturities longer than 1 year are classified as "Medium and Long Term Loans".

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

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	49.141	4.228.453	4.277.594
Housing loans	15.075	3.691.588	3.706.663
Vehicle loans	12.202	350.294	362.496
Consumer loans	21.864	186.571	208.435
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	13.812	13.812
Housing loans	-	1.756	1.756
Vehicle loans	-	-	-
Consumer loans	-	12.056	12.056
Other	-	-	-
Retail credit cards-TL	166.841	71	166.912
With installment	61.040	61	61.101
Without installment	105.801	10	105.811
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	11.590	1.973	13.563
Housing loans	-	781	781
Vehicle loans	38	1.068	1.106
Consumer loans	11.552	124	11.676
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	7.185	17	7.202
With installment	3.441	15	3.456
Without installment	3.744	2	3.746
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (real person)	-	-	-
Overdraft account-FC (real person)	-	-	-
Total	234.757	4.244.326	4.479.083

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

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

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

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

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	268.178	2.529.595	2.797.773
Business loans	14.249	504.203	518.452
Vehicle loans	223.941	1.615.073	1.839.014
Consumer loans	29.988	410.319	440.307
Other	-	-	-
Commercial installment loans-FC indexed	-	43.617	43.617
Business loans	-	37.760	37.760
Vehicle loans	-	3.068	3.068
Consumer loans	-	2.789	2.789
Other	-	-	-
Commercial installment Loans-FC	5.513	778.411	783.924
Business loans	-	177.360	177.360
Vehicle loans	5.513	413.436	418.949
Consumer loans	-	187.615	187.615
Other	-	-	-
Corporate credit cards-TL	526.903	2.393	529.296
With installment	178.587	2.105	180.692
Without installment	348.316	288	348.604
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	800.594	3.354.016	4.154.610

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	168.471	1.764.204	1.932.675
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	-	-	-
Commercial installment loans-FC indexed	-	115.144	115.144
Business loans	-	65.599	65.599
Vehicle loans	-	9.475	9.475
Consumer loans	-	40.070	40.070
Other	-	-	-
Commercial installment Loans-FC	1.108	266.139	267.247
Business loans	391	96.700	97.091
Vehicle loans	717	117.604	118.321
Consumer loans	-	51.835	51.835
Other	-	-	-
Corporate credit cards-TL	331.660	872	332.532
With installment	108.231	825	109.056
Without installment	223.429	47	223.476
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	501.239	2.146.359	2.647.598

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

e. Allocation of loans by customers:

	Current Period	Prior Period
Public	103.821	333.571
Private	55.417.720	39.676.957
Total	55.521.541	40.010.528

f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	51.950.811	37.612.789
Foreign loans	3.570.730	2.397.739
Total	55.521.541	40.010.528

g. Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Subsidiaries and Associates	-	-	2	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total			2	-

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

	Current Period	Prior Period
Loans with limited collectability	346.715	133.510
Loans with doubtful collectability	325.046	92.404
Uncollectible loans	1.986.282	1.022.036
Total	2.658.043	1.247.950

Specific provisions in the amount of TL 2.658.043 (December 31, 2020: TL 1.247.950) comprise TL 973.778 (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
Current period			
Gross amount before specific provisions	-	414	132.728
Restructured loans	-	414	132.728
Prior period			
(Gross amount before specific provisions)	-	2.074	80.452
Restructured loans and other receivables	-	2.074	80.452

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

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period			
Closing balance of prior period	193.865	240.360	1.611.051
Additions in the current period (+)	604.783	291.007	1.562.727
Transfers from other categories of non-performing loans (+)	-	237.812	343.703
Transfers to other categories of non-performing loans (-)	237.812	343.703	-
Collections in the current period (-)	32.517	56.711	373.802
Transfers to standard loans and write off (-) ^(*)	4.776	3.282	249.468
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	523.543	365.483	2.894.211
Provisions (-)	346.715	325.046	1.986.282
Net balance at the balance sheet	176.828	40.437	907.929

^(*) According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 8.341 and the written off amount is TL 249.185. These transactions' impact to NPL ratio is 40 basis point.

Non-performing loans in the amount of TL 3.783.237 comprise TL 1.627.858 of participation account share of loans provided from participation accounts.

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Prior Period			
Closing balance of prior period	466.434	319.648	1.435.641
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(-) ^(*)	69.124	196.751	959.947
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	193.865	240.360	1.611.051
Specific provisions (-)	133.510	92.404	1.022.036
Net balance at the balance sheet	60.355	147.956	589.015

^(*) 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. The Parent 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 consolidated assets (continued):

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period:			
Period end balance	328.763	273.061	817.947
Provision (-)	187.531	264.025	696.048
Net balance	141.232	9.036	121.899
Prior period:			
Period end balance	147.246	57.915	403.144
provision (-)	113.479	36.969	352.207
Net balance	33.767	20.946	50.937

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period (net)	176.828	40.437	907.929
Loans to individuals and corporates (gross)	523.543	365.483	2.894.211
Provision (-)	346.715	325.046	1.986.282
Loans to individuals and corporates (net)	176.828	40.437	907.929
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	60.355	147.956	589.015
Loans to individuals and corporates (gross)	193.865	240.360	1.611.051
Provision (-)	133.510	92.404	1.022.036
Loans to individuals and corporates (net)	60.355	147.956	589.015
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-

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

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period (Net)	5.330	21.043	357.066
Profit Share Accruals and Valuation Differences	9.367	21.469	942.724
Provision (-)	4.037	426	585.658
Prior Period (Net)	10.116	43.507	139.389
Profit Share Accruals and Valuation Differences	17.782	48.384	264.252
Provision (-)	7.666	4.877	124.863

i. Liquidation policy for uncollectable loans:

Loans determined as uncollectable are liquidated through starting legal follow up and by converting the guarantees into cash.

i. Information on "Write-off" policies:

The write-off policy of the Parent Bank for receivables under follow up is to retire the receivables from assets in case of determination of the inability of collection through follow-up by the decision of Bank management. As of December 31, 2021, loans which deemed uncollectable amounts to TL 249.185 have been written off as per the decision taken by the Parent Bank management (December 31, 2020: TL 53.145).

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	168.950	158.920	84.351	75.566
1 to 4 years	617.544	563.304	281.824	261.742
More than 4 years	106.525	98.450	27.587	22.841
Total	893.019	820.674	393.762	360.149

b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	893.019	393.762
Unearned financial lease receivable (-)	72.345	33.613
Net receivable from financial leases	820.674	360.149

c. General explanation on finance lease contracts:

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

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

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

Information on leasing receivables:

	Standard Loans	Loans Under Close Monitoring			
		Not Under the Scope of Restructuring or Rescheduling	Restructured		
			Loans with Revised Contract Terms	Refinancing	
Current Period					
Financial lease receivables (Net)	774.305	38.705	7.664	-	
Prior Period					
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	222.019	248.530
Disposals	(87.111)	(142.005)
Transfers (*)	(104.641)	(98.357)
Impairment Provision (-)/Reversal of Impairment Provision(*)	(42.339)	(1.598)
Net closing balance	118.978	131.050

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

As of December 31, 2021, TL 118.932 (December 31, 2020: TL 131.042) of the assets held for sale is comprised of real estates, TL 46 (December 31, 2020: TL 8) is comprised of other tangible assets. The Parent Bank has not any discontinued operations and assets of discontinued operations.

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

9. Ownership investments:

a. Associates:

a.1. Information on unconsolidated associates:

None (December 31, 2020: None).

a.2. Information on consolidated associates:

None (December 31, 2020: None).

b. Information on subsidiaries (net):

b.1. Information on unconsolidated non-financial subsidiaries:

The subsidiaries Albaraka Teknoloji Bilişim Sistemleri A.Ş., İnsha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş. and Albaraka Kültür Sanat ve Yayımcılık A.Ş. of Parent Bank controlled Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Fonu have not been consolidated since they are non-financial subsidiaries. The financial information related to those companies as of December 31, 2021 is as follows:

Title	Operation Center (City/Country)	Main Activities	Capital	Share Percentage of the Fund (%)	Fair value of the amount invested by the Fund
Albaraka Teknoloji Bilişim Sistemleri A.Ş.	İstanbul / Turkey	Information Technologies	33.000	100	54.854
İnsha Ventures Teknoloji Geliştirme ve Paz. A.Ş.	İstanbul / Turkey	Information Technologies	10.000	100	10.144
Albaraka Kültür Sanat ve Yayımcılık A.Ş.	İstanbul / Turkey	Publication	7.000	100	1.055

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

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

b.1. Information on unconsolidated subsidiaries (continued):

Natura Gıda Sanayi ve Ticaret A.Ş., which is a subsidiary of “Değer Girişim Sermayesi Yatırım Fonu” controlled by the Parent Bank, has not been consolidated since it is a non-financial entity.

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

The balances of Natura Gıda Sanayi ve Ticaret A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2020.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss
537.353	(302.916)	316.715	-	-	(75.680)	(745.574)

b.2. Information on consolidated subsidiaries:

Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. which are subject to consolidation by the Parent Bank, the purpose of which are to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. have been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on “Principles Related to Rent Certificates and Asset Leasing Companies” dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Turkey and other related regulations. The founding capital of each company is TL 50. As of December 31, 2021, the capital of each company is TL 50. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. are consolidated using full consolidation method as of December 31, 2021.

i). The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2021.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
4.115.041	180	-	-	-	7	113	-

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

9. Ownership investments (continued):

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

ii) The balances of Değer Varlık Kiralama A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 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	-

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
52	50	-	-	-	-	-	-

iii) In the Board of Directors meeting dated February 25, 2015, the Parent Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. As of December 31, 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 audited financial statements as of December 31, 2021.

Name	Address (City/Country)	Bank's share percentage- If different voting percentage (%)	Risk share percentage of other shareholders (%)
Albaraka Portföy Yön. A.Ş.	İstanbul/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
85.368	78.829	1.036	12.596	-	31.221	395	-

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

9. Ownership investments (continued):

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

iv) As of December 31, 2021, unaudited financial statements of the Parent Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" is as follows

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
€ 1.008.207	€ 119.969	-	-	-	€ (517.572)	€ (2.298.240)	-

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)
Purchases/new incorporations/capital increases	-	(300)
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	23.411	23.411
Capital commitments	-	-
Share of the capital at the end of the period (%)	100	100

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

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

9. Ownership investments (continued):

c. Information on investments in joint- ventures:

c.1. Information on unconsolidated investments in joint-ventures:

The Group does not have unconsolidated investments in joint-ventures as of the balance sheet date.

c.2. Information on consolidated investments in joint- ventures:

The Parent Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") a private pension and insurance company through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. As of December 31, 2021, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financial data from unaudited financial statements as of December 31, 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	351.165	5.776.031	5.802.749	305.436	(249.542)

c.3. Information on consolidated investment funds:

The financial information of the investment funds consolidated by the Parent Bank using full consolidation method as of December 31, 2021 are as follows:

Investment Funds	Share of Parent Bank (%)	Share of Group (%)	Investment Amount of the Parent Bank (TL)	Income	Expenses	Net Profit /(Loss)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu ^(*)	0,00	0,00	-	69.746	18.778	50.968
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu ^(*)	0,00	0,11	-	192.389	32.443	159.946
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu ^(*)	0,24	0,24	2.124	465.693	30.240	435.453
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu ^(*)	0,00	0,13	-	218.163	5.856	212.307
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu ^(*)	0,00	0,00	-	-	7.113	(7.113)
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu ^(*)	0,00	0,00	-	8.157	1.298	6.859
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu ^(*)	0,00	0,02	-	10.017	1.047	8.970
Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu ^(*)	0,00	9,27	-	14.305	1.398	12.907
Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu ^(*)	0,00	0,00	-	14.455	1.484	12.971
Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu ^(*)	0,00	0,06	-	112.156	13.323	98.833

^(*) Relevant financial data has been obtained from audited financial tables.

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

10. Information on tangible assets:

Current period	Immovables	Leased tangible assets	Vehicles	Other ^(*)	Assets held for sale	Total
Cost						
Opening balance: January 1, 2021	876.740	-	2.139	365.858	555.254	1.799.991
Additions	46.985	-	18	38.923	-	85.926
Revaluation differences	185.972	-	-	-	-	185.972
Disposals	-	-	(122)	(7.762)	(190.492)	(198.376)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	27.896	27.896
Transfers	-	-	-	-	104.641	104.641
Ending balance: December 31, 2021	1.109.697	-	2.035	397.019	497.299	2.006.050
Accumulated depreciation(-)						
Opening balance: January 1, 2021	165.280	-	706	242.215	2.320	410.521
Depreciation expense	54.432	-	423	37.014	-	91.869
Reversal of depreciation of the disposed assets	-	-	(99)	(6.034)	(187)	(6.320)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2021	219.712	-	1.030	273.195	2.133	496.070
Total cost at the end of the year	1.109.697	-	2.035	397.019	497.299	2.006.050
Total accumulated depreciation at the end of the year	(219.712)	-	(1.030)	(273.195)	(2.133)	(496.070)
Closing net book value	889.985	-	1.005	123.824	495.166	1.509.980

Prior period	Immovables	Leased tangible assets	Vehicles	Other	Assets Held for sale	Total
Cost						
Opening balance: January 1, 2020	793.873	-	854	308.723	743.088	1.846.538
Additions	41.159	-	1.285	70.405	-	112.849
Revaluation differences	41.708	-	-	-	-	41.708
Disposals	-	-	-	(13.270)	(290.271)	(303.541)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	4.080	4.080
Transfers	-	-	-	-	98.357	98.357
Ending balance: December 31, 2020	876.740	-	2.139	365.858	555.254	1.799.991
Accumulated depreciation(-)						
Opening balance: January 1, 2020	112.284	-	606	214.647	2.416	329.953
Depreciation expense	52.996	-	100	56.872	-	109.968
Reversal of depreciation of the disposed assets	-	-	-	(29.304)	(96)	(29.400)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2020	165.280	-	706	242.215	2.320	410.521
Total cost at the end of the year	876.740	-	2.139	365.858	555.254	1.799.991
Total accumulated depreciation at the end of the year	(165.280)	-	(706)	(242.215)	(2.320)	(410.521)
Closing net book value	711.460	-	1.433	123.643	552.934	1.389.470

As of December 31, 2021, the immovables of the Parent Bank have been revalued by an independent valuer and revaluation fund of TL 444.616 (December 31, 2020: TL 300.370) net of deferred tax and depreciation has been reflected in the financial statements. After the revaluation, the cost of the Parent Bank's immovables amounting to TL 688.517 (December 31, 2020: TL 518.049), their amortisations amounting to TL 90.454 (December 31, 2020: TL 77.788), net carrying value is TL 598.063 (December 31, 2020: TL 440.261). As of December 31, 2021, the cost of the movables and immovable recognized as "right of use" under tangible assets in the balance sheet of the Parent Bank is TL 451.424 (December 31, 2020: TL 400.880) related amortisations amounting to TL 145.415 (December 31, 2020: TL 104.546).

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

11. Information on intangible assets:

a. Opening and ending book values and accumulated depreciation balances:

	Current Period	Prior Period
Gross book value	292.534	204.200
Accumulated depreciation (-)	200.268	157.313
Total (net)	92.266	46.887

b. Intangible assets movement between the beginning and end of the period:

	Current Period	Prior Period
Opening balance	46.887	35.810
Additions	78.951	31.166
Disposals (-) (net)	-	32
Depreciation expense (-)	33.572	20.057
Closing net book value	92.266	46.887

12. Information on investment property:

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment properties ^(*)	1.035.405	-	1.261.475	-
Total	1.035.405	-	1.261.475	-

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

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

13. Information related to deferred tax asset:

As of December 31, 2021, the Group calculated net deferred tax asset of TL 489.049 (December 31, 2020: TL 191.360) by netting off deferred tax asset of TL 631.449 (December 31, 2020: TL 277.263) and deferred tax liability of TL 142.400 (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.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	79.209	46.315
Provisions for retirement premium and vacation pay liabilities	30.142	28.974
Difference between carrying value and tax base of tangible assets (amortization differences)	46.991	33.517
Depreciation of tangible assets	45.110	42.304
Provisions for cases on trial	6.811	4.037
Provisions	70.461	63.397
Leasing profit share expenses	33.226	23.098
Other ^(*)	319.499	35.621
Deferred tax asset	631.449	277.263
Revaluation difference of property	41.415	24.803
Rediscount on profit share	9.577	9.333
Right of use assets	60.625	40.006
Derivative financial liabilities	17.697	2.737
Other	13.086	9.024
Deferred tax liability	142.400	85.903
Deferred tax asset (net)	489.049	191.360

^(*) Includes tax asset amounts to TL 265.902 calculated from net financial losses (December 31, 2020: TL 9.799). Since the Parent Bank has projections on that it will acquire adequate taxable income to deduct these amounts in the coming periods, it has recognized TL 265.902 as deferred tax asset.

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

	Current Period	Prior Period
The year of 2024	42.604	42.604
The year of 2026	1.113.492	-
Total	1.156.096	42.604

14. Information on other assets:

As of the balance sheet date, the Group's other assets balance is TL 910.190 (December 31, 2020: TL 669.814) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to consolidated liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts									
Non-Trade TL	4.001.458	-	-	-	-	-	-	-	4.001.458
II. Real Persons Participation									
Accounts Non-Trade TL	-	3.113.067	5.518.589	161.758	-	22.416	504.010	12.734	9.332.574
III. Current Account other-TL	3.712.855	-	-	-	-	-	-	-	3.712.855
Public Sector	84.792	-	-	-	-	-	-	-	84.792
Commercial Institutions	3.423.766	-	-	-	-	-	-	-	3.423.766
Other Institutions	155.487	-	-	-	-	-	-	-	155.487
Commercial and Other Institutions	31.794	-	-	-	-	-	-	-	31.794
Banks and Participation Banks	17.016	-	-	-	-	-	-	-	17.016
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	17.000	-	-	-	-	-	-	-	17.000
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	821.395	1.994.941	137.709	-	12.031	167.947	120	3.134.143
Public Sector	-	10	110	-	-	-	-	-	120
Commercial Institutions	-	767.040	1.598.806	135.664	-	12.024	165.558	120	2.679.212
Other Institutions	-	54.344	321.138	2.045	-	7	2.389	-	379.923
Commercial and Other Institutions	-	1	24.445	-	-	-	-	-	24.446
Banks and Participation Banks	-	-	50.442	-	-	-	-	-	50.442
V. Real Persons Current Accounts Non-Trade FC	16.580.053	-	-	-	-	-	-	-	16.580.053
VI. Real Persons Participation									
Accounts Non-Trade FC	-	7.392.746	11.689.171	984.545	-	73.865	3.091.153	10.588	23.242.068
VII. Other Current Accounts FC	16.467.583	-	-	-	-	-	-	-	16.467.583
Residents in Turkey-Corporate	10.655.873	-	-	-	-	-	-	-	10.655.873
Residents Abroad-Corporate	4.369.003	-	-	-	-	-	-	-	4.369.003
Banks and Participation Banks	1.442.707	-	-	-	-	-	-	-	1.442.707
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	78	-	-	-	-	-	-	-	78
Foreign Banks	1.442.303	-	-	-	-	-	-	-	1.442.303
Participation Banks	326	-	-	-	-	-	-	-	326
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	1.246.953	4.051.953	28.420	-	29.869	34.009	2.014	5.393.218
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	835.571	3.394.400	21.434	-	9.968	33.959	2.014	4.297.346
Other institutions	-	22.336	33.812	14	-	-	-	-	56.162
Commercial and Other Institutions	-	389.046	425.304	6.972	-	-	50	-	821.372
Banks and Participation Banks	-	-	198.437	-	-	19.901	-	-	218.338
IX. Precious Metals Deposits	5.520.205	1.015.474	2.487.785	140.218	-	43.979	128.270	8.798	9.344.729
X. Participation Accounts Special									
Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special									
Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	46.282.154	13.589.635	25.742.439	1.452.650	-	182.160	3.925.389	34.254	91.208.681

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

1. Information on funds collected (continued):

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	1.992.760	-	-	-	-	-	-	-	1.992.760
II. Real Persons Participation Accounts Non-Trade TL	-	2.463.568	4.087.946	153.137	-	26.584	499.675	12.971	7.243.881
III. Current Account other-TL	2.641.622	-	-	-	-	-	-	-	2.641.622
Public Sector	105.782	-	-	-	-	-	-	-	105.782
Commercial Institutions	2.402.073	-	-	-	-	-	-	-	2.402.073
Other Institutions	114.555	-	-	-	-	-	-	-	114.555
Commercial and Other Institutions	9.858	-	-	-	-	-	-	-	9.858
Banks and Participation Banks	9.354	-	-	-	-	-	-	-	9.354
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	9.338	-	-	-	-	-	-	-	9.338
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	453.346	2.943.387	32.117	-	8.231	74.024	-	3.511.105
Public Sector	-	27	108	-	-	-	-	-	135
Commercial Institutions	-	381.191	2.683.571	25.207	-	7.715	70.716	-	3.168.400
Other Institutions	-	71.921	258.159	6.910	-	516	3.308	-	340.814
Commercial and Other Institutions	-	207	1.521	-	-	-	-	-	1.728
Banks and Participation Banks	-	-	28	-	-	-	-	-	28
V. Real Persons Current Accounts Non- Trade FC	6.905.657	-	-	-	-	-	-	-	6.905.657
VI. Real Persons Participation Accounts Non-Trade FC	-	3.833.633	6.121.580	554.465	-	33.262	1.521.954	5.708	12.070.602
VII. Other Current Accounts FC	8.115.810	-	-	-	-	-	-	-	8.115.810
Residents in Turkey-Corporate	5.966.304	-	-	-	-	-	-	-	5.966.304
Residents abroad-Corporate	1.657.772	-	-	-	-	-	-	-	1.657.772
Banks and Participation Banks	491.734	-	-	-	-	-	-	-	491.734
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	485.347	-	-	-	-	-	-	-	485.347
Participation Banks	6.387	-	-	-	-	-	-	-	6.387
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	691.876	2.067.408	57.440	-	14.922	19.547	983	2.852.176
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
IX. Precious Metals Deposits	3.503.447	729.848	1.795.960	85.342	-	14.686	73.309	1.164	6.203.756
X. Participation Accounts Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	23.159.296	8.172.271	17.016.281	882.501	-	97.685	2.188.509	20.826	51.537.369

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

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

b.1. 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	6.207.822	4.996.232	7.126.212	4.241.399
Foreign currency accounts	8.600.262	6.815.438	38.238.727	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	312.319	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	39.825	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 consolidated liabilities (continued):

2. Information on borrowings:

a.1. Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	1.249.451	-	2.211.237
Other	53.707	841.377	72.778	775.870
Total	53.707	2.090.828	72.778	2.987.107

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	53.707	465.339	72.778	392.353
Loans from foreign banks, institutions and funds	-	1.625.489	-	2.594.754
Total	53.707	2.090.828	72.778	2.987.107

a.3. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	53.707	2.007.533	72.778	2.754.314
Medium and Long-Term	-	83.295	-	232.793
Total	53.707	2.090.828	72.778	2.987.107

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

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

3. Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	3.065.049	-	4.042.163	-
Total	3.065.049	-	4.042.163	-

4. Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	20.861	-	3.850	-
Swap transactions	159.624	6.769	138.746	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	180.485	6.769	142.596	-

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

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

5. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	4.631	-	4.449	-
1 to 5 years	108.401	-	103.519	714
Over 5 years	214.808	21.774	206.716	12.997
Total	327.840	21.774	314.684	13.711

6. Information on provisions:

a. Information on provisions for employee rights:

The Group's provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 130.540 (December 31, 2020: TL 121.163), vacation pay liability amounting to TL 17.764 (December 31, 2020: TL 13.709) and provisions for performance amounting to TL 1.250 (December 31, 2020: 11.000 TL), totaling to TL 149.554 (December 31, 2020: TL 145.872). Provisions for performance premium has not been allocated in the current period (December 31, 2020: TL 11.000). The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	14,50	12,40
Estimated increase rate of salary ceiling (%)	10,00	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	121.163	86.118
Amount of provision during the period	25.327	20.474
Actuarial (gain)/loss	(15.950)	14.571
Balance at the end of the period	130.540	121.163

b. Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	16.435	26.446
Provisions allocated from profit shares to be distributed to profit sharing accounts	2.957	-
Third stage expected loss provision for unindemnified letter of guarantees	3.881	4.578
Third stage expected loss provision for cheques commitments	4.002	3.717
Provision for promotions related with credit cards and promotion of banking services	283	217
Provisions for cases on trial	34.057	20.183
Accrual for purchase and sale commitments	1.583	725
Free provisions allocated for possible losses	100.000	-
Other	1.239	786
Total	164.437	56.652

As of December 31, 2021, free provisions amount in the financial statements are TL 100.000 and all the amount has been recognised in the current term (December 31, 2020 : None)

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

6. Information on provisions:

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

As of December 31, 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).

7. Information on taxes payable:

a. Explanations on current tax liability:

a.1. Explanations on tax provisions:

As of December 31, 2021, the Group's has remaining tax liability after offsetting prepaid corporate tax amount to TL 21.647 (December 31, 2020: TL 12.130).

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	21.647	12.130
Banking insurance transaction tax	26.333	28.030
Taxation on securities income	18.094	14.122
Value added tax payable	9.343	2.224
Taxation on real estate income	1.371	548
Foreign exchange transaction tax	17.031	3.153
Income tax deducted from wages	14.717	10.656
Other	2.611	1.128
Total	111.147	71.991

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	6.766	5.615
Social security premiums-employer	7.447	6.227
Bank pension fund premium-employee	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	482	399
Unemployment insurance-employer	963	798
Other	-	-
Total	15.658	13.039

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

None (December 31, 2020: None).

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II	-	3.119.354	-	1.732.562
Subordinated loans	-	3.119.354	-	1.732.562
Subordinated debt instruments	-	-	-	-
Total	-	3.119.354	-	1.732.562

The Parent Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Ltd. amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,50 % for the first 5 years and 9.371% for the last 5 years (from May 2021). The Parent Bank has repurchased the sukuk issued in the amount of USD 16.051.000 and this amount is offset in Financial Assets Measured at Fair Value through Other Comprehensive Income and subordinated loans. The Parent Bank has realized unmaturing additional Tier 1 Capital amount to USD 205.000.000 on February 20, 2018.

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

None (December 31, 2020: None).

11. Information on shareholders' equity:

a. Presentation of paid-in capital:

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

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

In the Board of Directors meeting dated February 28, 2013, the Parent Bank has taken a resolution on transition to registered capital system. The application dated 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 consolidated liabilities (continued):

11. 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 Parent Bank, of predictions to be made by taking into account previous period indicators regarding the Parent Bank's income, profitability and liquidity, and uncertainties regarding such indicators:

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

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

There is no privilege given to stocks representing the capital.

g. Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference ^(*)	11.641	6.760	(3.082)	5.308
Foreign exchange difference	-	-	-	-
Total	11.641	6.760	(3.082)	5.308

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

ğ. Information on other capital reserves:

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

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

h. Information on minority shares:

As of December 31, 2021, minority shares calculated for full-consolidated uncontrolled shares amount to TL 1.943.910 (December 31, 2020: TL 218.936).

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

1. Explanations on consolidated off-balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	1.059.919	919.974
Payment commitments for cheques	834.732	667.621
Asset purchase and sale commitments	927.624	1.209.072
Loan granting commitments	655.296	429.887
Tax and funds liabilities arising from export commitments	17.234	13.538
Commitments for promotions related with credit cards and banking activities	555	398
Other irrevocable commitments	552	547
Other revocable commitments	39.500	4.000
Total	3.535.412	3.245.037

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	12.371.236	9.202.929
Bank loans	99.278	49.363
Letters of credit	4.898.399	1.770.792
Other guaranties and sureties	34.387	98.747
Total	17.403.300	11.121.831

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

	Current Period	Prior Period
Letters of guarantees	12.371.236	9.202.929
Long standing letters of guarantees	8.421.227	5.865.414
Temporary letters of guarantees	294.638	445.644
Advance letters of guarantees	803.105	551.308
Letters of guarantees given to customs	654.451	564.615
Letters of guarantees given for obtaining cash loans	2.197.815	1.775.948
Sureties and similar transactions	34.387	98.747
Total	12.405.623	9.301.676

c. Within the non-cash loans:

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

	Current Period	Prior Period
Non-cash loans given against cash loans	2.197.815	1.775.948
With original maturity of 1 year or less	662.573	445.879
With original maturity of more than 1 year	1.535.242	1.330.069
Other non-cash loans	15.205.485	9.345.883
Total	17.403.300	11.121.831

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

1. Explanations on consolidated off-balance sheet (continued):

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

	Current period			
	TL	(%)	FC	(%)
Agricultural	110.103	1,56	53.430	0,52
Farming and stockbreeding	59.909	0,85	52.460	0,51
Forestry	49.622	0,70	970	0,01
Fishery	572	0,01	-	0,00
Manufacturing	1.745.283	24,65	4.600.865	44,57
Mining	55.295	0,78	690	0,01
Production	1.513.702	21,38	3.896.762	37,75
Electricity, gas and water	176.286	2,49	703.413	6,81
Construction	1.486.579	21,00	1.045.891	10,13
Services	3.539.218	49,99	4.275.662	41,42
Wholesale and retail trade	1.938.841	27,38	1.780.183	17,24
Hotel, food and beverage services	43.099	0,61	87.363	0,85
Transportation and telecommunication	305.655	4,32	146.175	1,42
Financial Institutions	390.114	5,51	1.989.986	19,28
Real estate and renting services	340.794	4,81	176.968	1,71
Self-employment services	207.978	2,94	55.029	0,53
Education services	64.880	0,92	1.469	0,01
Health and social services	247.857	3,50	38.489	0,38
Other	199.074	2,80	347.195	3,36
Total	7.080.257	100,00	10.323.043	100,00

	Prior period			
	TL	(%)	FC	(%)
Agricultural	48.603	0,85	21.374	0,39
Farming and stockbreeding	29.947	0,52	20.773	0,38
Forestry	17.730	0,31	601	0,01
Fishery	926	0,02	-	0,00
Manufacturing	1.458.367	25,54	2.558.209	47,27
Mining	35.507	0,62	27.660	0,51
Production	1.216.621	21,31	2.170.891	40,11
Electricity, gas and water	206.239	3,61	359.658	6,65
Construction	1.276.062	22,35	602.784	11,14
Services	2.802.568	49,08	2.064.741	38,15
Wholesale and retail trade	1.549.561	27,14	1.228.682	22,70
Hotel, food and beverage services	45.305	0,79	50.309	0,93
Transportation and telecommunication	231.496	4,05	83.966	1,55
Financial Institutions	207.272	3,63	554.681	10,25
Real estate and renting services	453.045	7,93	106.033	1,96
Self-employment services	153.684	2,69	23.898	0,44
Education services	52.239	0,91	226	0,00
Health and social services	109.966	1,94	16.946	0,32
Other	124.537	2,18	164.586	3,05
Total	5.710.137	100,00	5.411.694	100,00

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

1. Explanations on consolidated off-balance sheet (continued):

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

Current Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	6.940.630	10.048.418	104.436	223.386
Letters of guarantee	6.908.691	5.048.293	104.436	223.386
Bank loans	-	99.278	-	-
Letters of credit	12.324	4.886.075	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	19.615	14.772	-	-

Prior Period	I st Group		II nd Group	
	TL	FC	TL	FC
Non-cash loans	5.582.217	5.331.329	89.560	70.410
Letters of guarantee	5.519.271	3.475.701	89.560	70.082
Bank loans	-	49.363	-	-
Letters of credit	39.522	1.730.942	-	328
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	23.424	75.323	-	-

2. Explanations on derivative transactions:

	Derivative transactions according to purpose December 31,2021	Derivative transactions according to purpose December 31,2020
Trading Derivatives		
Foreign Currency Related Derivative Transactions (I)	6.798.644	6.292.062
Currency Forwards-Purchases, sales	951.048	243.125
Currency Swaps-Purchases, sales	5.847.596	6.048.937
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Profit share Rate Related Derivative Transactions (II)	-	-
Profit share rates forwards-Purchase, sales	-	-
Profit share rates swaps-Purchases, sales	-	-
Profit share rates options-Purchases, sales	-	-
Profit share rates futures-Purchases, sales	-	-
Other Trading Derivatives (III)	-	-
A. Total Trading Derivatives (I + II + III)	6.798.644	6.292.062
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	6.798.644	6.292.062

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

3. Explanations on contingent assets and liabilities:

The Parent Bank has made a provision amounting to TL 34.057 (December 31, 2020: TL 20.183), as presented under "Other Provisions" note in section five Note II.6.b, for the lawsuits opened by various real persons and legal entities against the Parent Bank with high probability of realization and cash outflows. Although there are other ongoing lawsuits against the Parent Bank, the Parent Bank considers the probability of a negative result in ongoing litigations resulting in cash outflows as remote

4. Explanations on services rendered on behalf of third parties:

The Group has not any operations like money placements on behalf of real persons or legal entities, charitable foundations, retirement insurance funds and other institutions.

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

1. Information on profit share income:

a. Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans^(*)				
Short Term Loans	889.366	200.080	491.018	126.555
Medium and Long-Term Loans ^(**)	2.173.463	785.728	1.578.454	735.265
Profit Share on Non-Performing Loans	121.382	5.838	129.976	4.095
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	3.184.211	991.646	2.199.448	865.915

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

^(**) Includes fair valuation profit of TL 146.893 (31 December 2020: TL 97.309) from profit and loss sharing investments.

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	134.657	-	14.777	-
Domestic Banks	373	-	244	387
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	135.030	-	15.021	387

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	170.339	111.756	71.087	47.135
Financial Assets Measured at Fair Value through Other Comprehensive Income	65.993	33.898	95.657	71.505
Financial Assets Measured at Amortised Cost	107.823	194.687	114.405	82.555
Total	344.155	340.341	281.149	201.195

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

None (December 31, 2020: None).

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

2. Explanations on profit share expenses:

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

Current Period		Profit sharing accounts						
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit-sharing accounts	-	780	2.420	-	-	-	-	3.200
Real persons' non-trading profit sharing accounts	357.644	572.616	18.051	-	3.324	64.908	1.449	1.017.992
Public sector profit-sharing accounts	3	1	-	-	-	-	-	4
Commercial sector profit sharing accounts	67.727	410.641	25.908	-	32.533	6.101	2	542.912
Other institutions profit sharing accounts	8.718	55.325	448	-	48	330	-	64.869
Total	434.092	1.039.363	46.827	-	35.905	71.339	1.451	1.628.977
FC								
Funds collected from banks through current and profit-sharing accounts	389	4.069	-	-	193	49	-	4.700
Real persons' non-trading profit sharing accounts	49.994	86.700	8.822	-	734	31.855	62	178.167
Public sector profit-sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	5.034	47.027	1.817	-	3.878	313	21	58.090
Other institutions profit sharing accounts	1.464	2.380	106	-	-	-	-	3.950
Precious metals deposits	1.556	5.223	321	-	170	512	17	7.799
Total	58.437	145.399	11.066	-	4.975	32.729	100	252.706
Grand total	492.529	1.184.762	57.893	-	40.880	104.068	1.551	1.881.683

Prior Period		Profit sharing accounts						
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total
TL								
Funds collected from banks through current and profit sharing accounts	-	3	315	-	-	-	-	318
Real persons' non-trading profit sharing accounts	224.930	421.278	16.651	-	2.892	44.431	1.097	711.279
Public sector profit sharing accounts	4	7	-	-	-	-	-	11
Commercial sector profit sharing accounts	39.554	171.758	8.873	-	3.472	4.994	-	228.651
Other institutions profit sharing accounts	3.225	16.576	241	-	44	282	-	20.368
Total	267.713	609.622	26.080	-	6.408	49.707	1.097	960.627
FC								
Funds collected from banks through current and profit sharing accounts	1.102	3.430	2.184	-	73	13	-	6.802
Real persons' non-trading profit sharing accounts	32.594	53.960	5.110	-	367	17.329	27	109.387
Public sector profit sharing accounts	-	-	-	-	-	-	-	-
Commercial sector profit sharing accounts	5.497	24.494	852	-	70	193	8	31.114
Other institutions profit sharing accounts	588	2.601	123	-	-	1	-	3.313
Precious metals deposits	652	2.068	73	-	22	120	1	2.936
Total	40.433	86.553	8.342	-	532	17.656	36	153.552
Grand total	308.146	696.175	34.422	-	6.940	67.363	1.133	1.114.179

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	289	48.500	297	57.821
CBRT	-	-	-	-
Domestic banks	-	1.919	-	3.240
Foreign banks	289	46.581	297	54.581
Head offices and branches abroad	-	-	-	-
Other institutions	9.397	261.130	8.046	195.011
Total	9.686	309.630	8.343	252.832

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	620	-	438	-
Total	620	-	438	-

ç. Profit share expenses paid to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expenses paid to marketable securities issued	785.170	-	297.535	-
Total	785.170	-	297.535	-

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	71.518	46.235
Clearing room fees and commissions	75.188	37.569
Commissions on money orders	58.764	31.393
Appraisal fees	16.580	17.014
Insurance and brokerage commissions	28.422	26.472
Checks and bills commissions	4.910	3.481
Safe deposit box commissions	3.312	2.616
Advocacy service commissions and counsel fee	8.517	5.282
Service pack commissions	15.345	8.126
Enquiry fees received	2.315	3.203
Fees and commissions from correspondent banks	4.377	3.272
Export credit commissions	9.559	7.767
Prepaid import commissions	47.128	20.617
Pledge Put and Mortgage Release Fees	3.209	3.827
Loan Limit Allocation Fees	22.474	14.910
Other	44.856	34.898
Total	416.474	266.682
Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	9.551	8.099
Credit cards fees and commissions	36.762	25.872
Member firm-POS fees and commissions	37.955	29.016
Fees and commissions for Swift, EFT and money orders	71.204	22.534
Required Reserves Commissions for CBRT in Foreign currency	1.504	58.815
Other	18.941	16.778
Total	175.917	161.114

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

4. Information on dividend income:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	768	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Other	-	-	-	-
Total	768	-	-	-

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

	Current Period		Prior Period	
Income	46.598.399		23.853.999	
Income from capital market transactions (*)	284.017		96.388	
Income from derivative financial instruments	241.653		74.655	
Foreign exchange income	46.072.729		23.682.956	
Loss (-)	46.317.445		23.608.167	
Loss on capital market transactions	213.439		42.537	
Loss on derivative financial instruments	471.127		216.783	
Foreign exchange losses	45.632.879		23.348.847	
Trading Income/Loss (net)	280.954		245.832	

6. Explanations related to other operating income:

	Current Period		Prior Period	
Reversal of prior year provisions	944.571		460.353	
Income from sale of assets	150.670		72.753	
Communication income	23.337		15.166	
Cheque book charges	3.044		2.204	
Operating Lease Income	10.592		2.962	
Real estate revaluation income(*)	415.222		-	
Real estate rental income(*)	5.589		14.583	
Real estate sales income(*)	155.868		82.578	
Other income	18.596		15.396	
Total	1.727.489		665.995	

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

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

7. Informations on Expected Credit Losses:

	Current Period	Prior Period
Expected Credit Loss	1.575.273	1.122.267
12 month expected credit loss (stage 1)	59.313	75.144
Significant increase in credit risk (stage 2)	241.260	349.669
Non-performing loans (stage 3)	1.274.700	697.454
Marketable Securities Impairment Expense	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other (*)	136.070	40.172
Total	1.711.343	1.162.439

Expected credit losses amount to TL 1.711.343 (December 31, 2020: TL 1.162.439) includes TL 650.124 (December 31, 2020: TL 496.047) representing participation account share of expected credit losses of loans provided from participation accounts.

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

	Current Period	Prior Period
Expected credit losses 1st and 2nd group non-cash loans	3.607	15.581
Third stage expected loss provision for unindemnified non- cash loans	-	627
Expected credit losses (stage 1) for banks	22.111	18.035
Profit and loss sharing investments' fair value provision	109.533	2.956
Expected credit losses (stage 1) for other financial assets	726	289
Provision for expected losses for securities measured at amortized cost	93	-
Real estate valuation losses(*)	-	2.684
Vacation pay provision expenses(**)	4.055	10.439
Provisions allocated for financial assets measured at fair value through profit/loss (**)	3.393	7.391
Provisions for cases on trial (**)	13.874	4.528
Free provisions allocated for possible losses(**)	100.000	-
Provisions allocated from profit shares to be distributed to profit sharing accounts(**)	2.604	616
Total	259.996	63.146

(*) Expense balances related to real estates in the portfolio of real estate investment funds

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

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

8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	27	12.403
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	117.095	109.968
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	33.572	20.057
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	46.769	1.745
Other business expenses	195.600	182.184
Leasing Expenses on TFRS 16 Exceptions	6.437	1.818
Maintenance and repair expenses	36.317	32.224
Advertisement expenses	10.126	6.858
Other expenses ^(*)	142.720	141.284
Loss on sale of assets	1.062	1.763
Other ^(**)	341.145	273.923
Total	735.271	602.043

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

	Current Period	Prior Period
Communication Expenses	37.900	26.876
Donations	8.133	14.078
Cleaning expenses	22.897	23.128
Heating, lighting and water expenses	16.290	15.359
Representation and Hosting expenses	10.293	9.103
Vehicle expenses	6.654	5.385
Lawsuit and court expenses	3.783	2.712
Movables Insurance Expenses	4.837	5.099
Stationery Expenses	4.669	2.901
Expense Share for Common Expenses	2.514	2.826
Group transportation costs	9.939	7.836
Other	14.811	25.981
Total	142.720	141.284

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	120.296	106.174
Taxes, Duties, Charges and Funds	82.558	59.255
Expertise and Information Expenses	21.888	21.756
Audit and Consultancy Fees	14.042	11.471
Institution and Union Participation Share Expense	15.397	16.351
Residence Expenses ^(*)	53.173	36.181
Shopping Mall expenses ^(*)	6.909	11.961
Other	26.882	10.774
Total	341.145	273.923

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

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

As per the decision by Public Oversight Accounting and Auditing Standards Authority dated March 26, 2021, The following table represents the fees for the services received from the auditor or independent audit firm for reporting period. The audit fees of the associates of the Parent Bank are included as well. The fees in the table does not include Value Added Tax.

Current Period	Audit services provided by Group auditor	Audit services provided by other audit firms
Indenependent Audit fee for reporting period ^(*)	2.324	190
Fees for tax consultancy	185	-
Other assurance services' fees	1.945	-
Other service fees other than independent audit.	450	-
Total	4.904	190

Prior Period	Audit services provided by Group auditor	Audit services provided by other audit firms
Indenependent Audit fee for reporting period ^(*)	1.992	91
Fees for tax consultancy	147	-
Other assurance services' fees	-	-
Other service fees other than independent audit.	-	-
Total	2.139	91

^(*) For foreign currency independent audit fees fx rates of December 31, 2021 and December 31, 2020 have been used.

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

As the Parent Bank does not have any discontinued operations, there is no explanation related to income/loss from discontinued operations before taxes.

The Group's income before tax increased by 141,57% compared to prior period and is realized as TL 929.798 (December 31, 2020: TL 384.894). Income before tax comprises net profit share income in the amount of TL 1.874.904 (December 31, 2020: TL 1.737.064) and fees and commission income in the amount of TL 405.756 (December 31, 2020: TL 233.567). Total other operating expenses amount to TL 735.271 (December 31, 2020: TL 602.043).

10. Explanations on tax provision for continued and discontinued operations:

Since the Parent Bank has no discontinued operations, there is no tax provision for this purpose.

As of December 31, 2021, the Parent Bank has deferred tax income of TL 688.099 (December 31, 2020: TL 308.493) and deferred tax expense of TL 646.524 (December 31, 2020: TL 366.579). The current tax provision is TL 28.912 (December 31, 2020: TL 15.702).

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

The Parent Bank has no discontinued operations. Net income for the period has been realized as TL 929.798 (December 31, 2020: TL 384.894) by adding tax income amounting to TL 12.663 (December 31, 2020: TL 73.788) from profit from continued operations amounting to TL 942.461 (December 31, 2020: TL 311.106).

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

12. Explanations on net income/loss:

- a. The nature and amount of certain income and expense items from ordinary operations; if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Parent Bank's performance for the period:

None.

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

None.

c. Income/loss of minority shares:

	Current Period	Prior Period
Net profit/(loss) of minority shares	609.625	8.802

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

- a. There is no declaration of dividends made subsequent to the balance sheet date, and prior to the announcement of the financial statements.
Decision related to the dividend distribution will be taken in the General Assembly. General Assembly has not been held as of the date of finalization of the accompanying financial statements.
- b. "Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets measured at fair value through other comprehensive income are recognized in the "Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income. TL 20.023 increase (before deferred tax) has occurred after the revaluation of financial assets measured at fair value through other comprehensive income (December 31, 2020: TL 33.852 decrease).
- c. Revaluation amounts related to tangible and intangible assets are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.
- d. Foreign exchange differences arising from translation of income statement of foreign branch and foreign subsidiary of the Parent Bank are accounted in other capital reserves amounts to TL 207.083 as increase. (December 31, 2020: TL 22.716 increase).

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

1. Components of cash and cash equivalents and accounting policy applied in their determination:

“Cash” is defined as cash in vault and foreign currency cash, money in transit, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. “Cash equivalents” is defined as money market placements and time deposits at banks with original maturities less than three months.

a. Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	5.406.129	4.027.884
Cash in TL/foreign currency	1.457.399	1.022.107
Cash in transit	844.125	558.717
CBRT	3.104.605	2.447.060
Cash equivalents	2.650.943	3.161.797
Domestic banks	1.444.529	917.218
Foreign banks	1.206.414	2.244.579
Total cash and cash equivalents	8.057.072	7.189.681

b. Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	10.090.678	5.406.129
Cash in TL/foreign currency	1.795.408	1.457.399
Cash in transit	1.695.443	844.125
CBRT	6.599.827	3.104.605
Cash equivalents	3.853.518	2.650.943
Domestic banks	1.090.723	1.444.529
Foreign banks	2.762.795	1.206.414
Total cash and cash equivalents	13.944.196	8.057.072

2. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations:

Restricted time deposits held at the Central Bank of Turkey and blockaged amount arising from POS are not considered as cash and cash equivalent items.

3. Explanation about other cash flow items and the effect of the changes in foreign exchange rates on cash and cash equivalents:

The “Others” item under “Operating profit before changes in operating assets and liabilities” amounting to TL (580.277) (December 31, 2020: TL 130.021) mainly comprises other operating expenses excluding personnel expenses and amortization expenses and other operating income.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 1.173.880 (December 31, 2020: TL (215.518)) mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL 3.140.669 as of December 31, 2021 (December 31, 2020: TL 336.393).

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

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

a. Current period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	1	53	818.807	34.537	187	-
Balance at the end of the period	90	62	1.219.475	64.583	52	-
Profit share and commission income received	-	-	36.243	183	-	-

b. Prior period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	3	5	632.926	27.308	27	-
Balance at end of period	1	53	818.807	34.537	187	-
Profit share and commission income received	-	-	55.909	216	12	-

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

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

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect Shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	35.342	13.955	271.125	831.442	12.518	11.073
Balance at the end of period	15.374	35.342	688.843	271.125	28.403	12.518
Profit share expense	2	452	3	2.511	117	239

^(*) As of December 31, 2021, wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 42.837.711 and EUR 21.600.000 (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- December 31, 2021 is TL 19.896 (December 30, 2020: TL 9.581).

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

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

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

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

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

As of December 31, 2021, the Group has paid TL 24.290 (December 31, 2020: TL 17.668) to top management.

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

Information on the domestic and foreign branches and representative offices of the Parent Bank:

	Number	Number of Personnel			
Domestic Branches	229	2.900			
			Country		
Foreign Representation Office	-	-	-		
				Total Assets (Thousand TL)	Statutory Share Capital
Foreign Branches	2	18	Iraq	1.677.840	USD 50.000.000
Off-Shore Branches	-	-	-	-	-

2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure:

The Parent bank has opened 1 domestic branch (digital branch) in 2021. The Parent Bank has not opened any branch abroad in 2021.

IX. Explanations related to subsequent events:

None.

X. Other Explanations

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

None.

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SECTION SIX

Independent auditor’s report

I. Explanations on independent auditor’s report:

The Group’s consolidated financial statements as of and for the period ended December 31, 2021 have been audited by “Gney Baėımsız Denetim ve Serbest Muhasebeci Mali Mavirlik A..” (the member of the Ernst & Young Global Ltd.) and the audit report dated March 8, 2022 is presented at the beginning of the financial statements and related notes.

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

None.