

Albaraka Türk Katılım Bankası Anonim Şirketi

**Consolidated financial statements
and related disclosures at June 30, 2020
together with limited review report**

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

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

REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the consolidated statement of financial position of Albaraka Türk Katılım Bankası A.Ş. (“the Bank”) and its subsidiaries (together will be referred as “the Group”) at June 30, 2020 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Financial Reporting Legislation) and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for those matters not regulated by BRSA Legislation; together referred as “BRSA Accounting and Financial Reporting Legislation”. Our responsibility is to express a conclusion on these consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the consolidated financial position of Albaraka Türk Katılım Bankası A.Ş. at June 30, 2020, and the results of its operations and its consolidated cash flows for the six-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English:

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

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



Emre Çelik, SMMM
Associate Partner

August 13, 2020
İstanbul, Turkey

**CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.
AS OF AND FOR THE SIX MONTH ENDED JUNE 30, 2020**

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

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

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING PRINCIPLES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- LIMITED REVIEW REPORT
- INTERIM REPORT

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

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

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

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

Adnan Ahmed Yusuf ABDULMALEK Chairman of the Board of Directors	Melikşah UTKU General Manager	Mustafa ÇETİN Assistant General Manager	Kemaleddin DİLBAZ Financial Reporting Manager
Mustafa BÜYÜKABACI Chairman of the Audit Committee	Mehmet Ali GÖKCE Member of the Audit Committee	Mohamed Ali CHATTI Member of the Audit Committee	

Contact information of the personnel in charge of the addressing of questions about this financial report:
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ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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

SECTION ONE

General Information

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

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

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

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

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

The Parent Bank's head office is located in Istanbul and is operating through 227 (December 31, 2019: 228) local branches and 2 (December 31, 2019: 2) foreign branch and with 3.680 (December 31, 2019: 3.791) staff as of June 30, 2020. The Group has 3.703 (December 31, 2019: 3.811) staff as of June 30, 2020.

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

As of June 30, 2020, 36,29% (December 31, 2019: 54,06%) of the Bank's shares are owned by Albaraka Banking Group, 15,38% (December 31, 2019: 0) owned by Dallah Albaraka Group, 7,84% (December 31, 2019: 7,84%) owned by Islamic Development Bank, 34,84% (December 31, 2019: 25,22%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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

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

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
Chairman of the Board of Directors (BOD):	Adnan Ahmed Yusuf ABDULMALEK	Chairman of BOD	Master	(*) 0,0000
Members of BOD:	Süleyman KALKAN	II. Chairman of BOD (Independent)	Bachelor	-
	İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	(*) 0,0000
	Ghassan Ahmed M. AMODI	Independent Member of BOD	Bachelor	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	-
	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Mehmet Ali GÖKCE	Independent Member of BOD	Master	-
	Housseem BEN HAJ AMOR	Member of BOD	Bachelor	-
	Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	-
General Manager:	Melikşah UTKU	Member of BOD/General Manager	Master	-
Assistant General Managers:	Turgut SİMİTÇİOĞLU	Assistant General Manager Responsible for Credit Risks	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Credits	Master	-
	Hasan ALTUNDAĞ (**)	Assistant General Manager Responsible for Marketing	Bachelor	-
	Hasan ALTUNDAĞ (Deputy)	Assistant General Manager Responsible for Sales	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance and Strategy	Bachelor	-
	Volkan EVCİL	Assistant General Manager Responsible for Central Operations	Bachelor	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
	Süleyman ÇELİK (Deputy)	Assistant General Manager Responsible for Information Technologies	Bachelor	-
Chief Legal Consultancy	Hasan AVŞAR	Chief Legal Consultant	Bachelor	-
Audit Committee:	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Mehmet Ali GÖKCE	Member of Audit Committee	Master	-
	Dr. Mohamed Ali CHATTI	Member of Audit Committee	Doctorate	-

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

(**) According to decision of Board of Directors meeting held on July 3, 2020, on condition that BRSA confirms these authorisations and do not present negative opinion, it was decided that Hasan ALTUNDAĞ will be assistant general manager responsible for sales, Mehmet Fatih YORULMAZ will be assistant general manager responsible for marketing.

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0000% of the Parent Bank's share capital (December 31, 2019: 0,0000%).

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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

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

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

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

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

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

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

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

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

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

Due to non-financial partnership, "Albaraka Kültür Sanat ve Yayıncılık A.Ş." and "Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş." which are the subsidiaries of the Parent Bank, have not been consolidated. Natura Gıda Sanayi ve Ticaret A.Ş., which is an subsidiary of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, Inooster Bilgi Teknolojileri A.Ş. and Pedudi Bilişim Teknolojileri A.Ş., Tam Entegre Yazılım A.Ş., Kronnika Bilgi Teknolojileri A.Ş. and Vomsis Bilişim Teknolojileri A.Ş. which are associates of "Fintech Girişim Sermayesi Yatırım Fonu" controlled by Parent Bank have not been consolidated since they are non-financial subsidiaries and associates, respectively. The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Insha GmbH, Albaraka Portföy Yönetimi A.Ş. the subsidiaries of the Parent Bank, through equity method and full consolidation method, respectively. Bereket One Ltd, and Albaraka Sukuk Ltd, which are not subsidiaries of the Parent Bank but over which the Parent Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity". Real Estate Investment Funds "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy

ALBARAKA TRK KATILIM BANKASI A..
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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

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

Y netimi A.. Metropol Gayrimenkul Yatırım Fonu” and Venture Capital Investment Funds “Albaraka Portf y Y netimi A.. Deęer Giriřim Sermayesi Yatırım Fonu”, “Albaraka Portf y Y netimi A.. Fintech Giriřim Sermayesi Yatırım Fonu”, Albaraka Portf y Y netimi A.. Start-Up Giriřim Sermayesi Yatırım Fonu” and other security (investment) funds controlled by the Parent Bank have been consolidated as well.

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

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

SECTION TWO

The consolidated financial statements

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF JUNE 30, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

ASSETS	Notes (Section Five-I)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2020			December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		3.080.535	13.101.179	16.181.714	3.467.753	12.065.923	15.533.676
1.1 Cash and Cash Equivalents	(1)	1.679.987	9.076.988	10.756.975	2.519.444	10.453.621	12.973.065
1.1.1 Cash and Balances with Central Bank		724.379	6.529.491	7.253.870	1.426.702	7.369.207	8.795.909
1.1.2 Banks		987.933	2.547.938	3.535.871	1.109.920	3.084.627	4.194.547
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		32.325	441	32.766	17.178	213	17.391
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	641.869	2.679.763	3.321.632	134.498	437.979	572.477
1.2.1 Government Securities		582.883	2.665.847	3.248.730	99.148	435.174	534.322
1.2.2 Equity Securities		9.937	-	9.937	-	-	-
1.2.3 Other Financial Assets		49.049	13.916	62.965	35.350	2.805	38.155
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	755.662	1.341.910	2.097.572	813.673	1.174.064	1.987.737
1.3.1 Government Securities		747.995	1.314.603	2.062.598	813.658	1.150.767	1.964.425
1.3.2 Equity Securities		7.667	27.307	34.974	15	23.297	23.312
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(5)	3.017	2.518	5.535	138	259	397
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		3.017	2.518	5.535	138	259	397
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		20.545.070	18.477.348	39.022.418	16.998.174	14.745.234	31.743.408
2.1 Loans	(6)	20.396.644	16.716.494	37.113.138	17.019.728	13.617.465	30.637.193
2.2 Lease Receivables	(7)	236.826	26.040	262.866	227.356	16.322	243.678
2.3 Financial Assets Measured at Amortised Cost	(4)	969.662	2.121.552	3.091.214	638.021	1.356.298	1.994.319
2.3.1 Government Securities		969.662	2.121.552	3.091.214	638.021	1.296.462	1.934.483
2.3.2 Other Financial Assets		-	-	-	-	59.836	59.836
2.4 Expected Credit Losses (-)	(6)	1.058.062	386.738	1.444.800	886.931	244.851	1.131.782
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	120.212	323	120.535	124.196	284	124.480
3.1 Asset Held for Resale		120.212	323	120.535	124.196	284	124.480
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	291.446	-	291.446	286.470	-	286.470
4.1 Associates (Net)		4.200	-	4.200	8.258	-	8.258
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		4.200	-	4.200	8.258	-	8.258
4.2 Subsidiaries (Net)		240.236	-	240.236	240.236	-	240.236
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		240.236	-	240.236	240.236	-	240.236
4.3 Joint Ventures (Net)		47.010	-	47.010	37.976	-	37.976
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		47.010	-	47.010	37.976	-	37.976
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	(10)	1.499.029	20.456	1.519.485	1.496.680	19.905	1.516.585
VI. INTANGIBLE ASSETS (Net)	(11)	34.516	5.738	40.254	30.538	5.272	35.810
6.1 Goodwill		-	4.321	4.321	-	3.970	3.970
6.2 Others		34.516	1.417	35.933	30.538	1.302	31.840
VII. INVESTMENT PROPERTY (Net)	(12)	1.389.595	-	1.389.595	1.419.315	-	1.419.315
VIII. CURRENT TAX ASSET		626	-	626	1.231	-	1.231
IX. DEFERRED TAX ASSET	(13)	197.928	-	197.928	166.345	-	166.345
X. OTHER ASSETS	(14)	506.152	289.010	795.162	397.149	251.499	648.648
TOTAL ASSETS		27.665.109	31.894.054	59.559.163	24.387.851	27.088.117	51.475.968

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF JUNE 30, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

LIABILITIES	Notes (Section Five-II)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2020			December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	17.402.958	28.144.693	45.547.651	14.672.926	25.066.274	39.739.200
II. FUNDS BORROWED	(2)	67.037	2.812.972	2.880.009	100.219	1.691.379	1.791.598
III. BORROWINGS FROM MONEY MARKETS		59.834	277.108	336.942	18.237	-	18.237
IV. SECURITIES ISSUED (Net)	(3)	2.772.230	-	2.772.230	2.519.419	-	2.519.419
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(4)	9.484	515	9.999	504	345	849
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		9.484	515	9.999	504	345	849
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(5)	304.741	14.734	319.475	287.755	12.905	300.660
VIII. PROVISIONS	(6)	168.535	1.792	170.327	134.069	1.627	135.696
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		112.787	-	112.787	100.138	-	100.138
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		55.748	1.792	57.540	33.931	1.627	35.558
IX. CURRENT TAX LIABILITY	(7)	65.492	4.898	70.390	69.726	4.874	74.600
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS	(9)	-	1.596.685	1.596.685	-	1.375.164	1.375.164
12.1 Loans		-	1.596.685	1.596.685	-	1.375.164	1.375.164
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(10)	1.548.191	184.920	1.733.111	1.281.404	207.875	1.489.279
XIV. SHAREHOLDERS' EQUITY	(11)	4.093.507	28.837	4.122.344	3.995.233	36.033	4.031.266
14.1 Paid-In Capital		1.350.000	-	1.350.000	900.000	-	900.000
14.2 Capital Reserves		950.344	-	950.344	1.344.905	-	1.344.905
14.2.1 Share Premium		14.855	-	14.855	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		935.489	-	935.489	1.344.905	-	1.344.905
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		240.001	-	240.001	243.404	-	243.404
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		111.997	28.837	140.834	76.995	36.033	113.028
14.5 Profit Reserves		1.493.874	-	1.493.874	1.430.839	-	1.430.839
14.5.1 Legal Reserves		131.703	-	131.703	136.641	-	136.641
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.362.171	-	1.362.171	1.294.198	-	1.294.198
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(210.966)	-	(210.966)	(158.346)	-	(158.346)
14.6.1 Prior Years Profit/(Loss)		(282.092)	-	(282.092)	(248.391)	-	(248.391)
14.6.2 Current Year Profit/(Loss)		71.126	-	71.126	90.045	-	90.045
14.7 Minority Shares		158.257	-	158.257	157.436	-	157.436
TOTAL LIABILITIES		26.492.009	33.067.154	59.559.163	23.079.492	28.396.476	51.475.968

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF- BALANCE SHEET
AS OF JUNE 30, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2020			December 31, 2019		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		7.849.335	9.101.383	16.950.718	6.884.242	5.792.399	12.676.641
I. GUARANTEES AND SURETIES	(1)	4.958.042	5.479.541	10.437.583	5.128.502	5.302.936	10.431.438
1.1. Letters of Guarantees		4.936.885	3.698.825	8.635.710	5.099.099	3.619.295	8.718.394
1.1.1. Guarantees Subject to State Tender Law		774.472	72.196	846.668	697.926	62.581	760.507
1.1.2. Guarantees Given for Foreign Trade Operations		110	931.504	931.614	15	835.718	835.733
1.1.3. Other Letters of Guarantee		4.162.303	2.695.125	6.857.428	4.401.158	2.720.996	7.122.154
1.2. Bank Loans		-	59.299	59.299	-	14.463	14.463
1.2.1. Import Letter of Acceptances		-	59.299	59.299	-	14.463	14.463
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		1.133	1.518.175	1.519.308	257	1.329.663	1.329.920
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		1.133	1.518.175	1.519.308	257	1.329.663	1.329.920
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	203.242	203.242	-	339.515	339.515
1.7. Other Collaterals		20.024	-	20.024	29.146	-	29.146
II. COMMITMENTS	(1)	1.876.745	316.337	2.193.082	1.722.506	389.607	2.112.113
2.1. Irrevocable Commitments		1.876.745	316.337	2.193.082	1.722.506	389.607	2.112.113
2.1.1. Asset Purchase and Sale Commitments		41.124	316.337	357.461	47.797	389.607	437.404
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		286.592	-	286.592	262.517	-	262.517
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		638.140	-	638.140	631.606	-	631.606
2.1.7. Tax And Fund Liabilities from Export Commitments		11.553	-	11.553	10.381	-	10.381
2.1.8. Commitments for Credit Card Expenditure Limits		898.423	-	898.423	769.342	-	769.342
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		368	-	368	335	-	335
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		545	-	545	528	-	528
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.014.548	3.305.505	4.320.053	33.234	99.856	133.090
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		1.014.548	3.305.505	4.320.053	33.234	99.856	133.090
3.2.1. Forward Foreign Currency Buy/Sell Transactions		41.888	41.676	83.564	33.234	41.953	75.187
3.2.1.1. Forward Foreign Currency Transactions-Buy		33.536	8.438	41.974	27.547	10.149	37.696
3.2.1.2. Forward Foreign Currency Transactions-Sell		8.352	33.238	41.590	5.687	31.804	37.491
3.2.2. Other Forward Buy/Sell Transactions		972.660	3.263.829	4.236.489	-	57.903	57.903
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		76.754.604	19.598.885	96.353.489	72.616.853	16.137.385	88.754.238
IV. ITEMS HELD IN CUSTODY		3.848.833	4.966.379	8.815.212	3.812.406	3.053.641	6.866.047
4.1. Assets Under Management		1.703.233	-	1.703.233	1.522.915	-	1.522.915
4.2. Investment Securities Held in Custody		72	79.503	79.575	72	26.320	26.392
4.3. Cheques Received for Collection		1.371.528	218.192	1.589.720	1.480.111	285.800	1.765.911
4.4. Commercial Notes Received for Collection		509.341	106.048	615.389	543.651	76.306	619.957
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		209.591	727.235	936.826	210.617	341.146	551.763
4.8. Custodians		54.965	3.835.401	3.890.366	54.937	2.324.069	2.379.006
V. PLEDGED ITEMS		72.905.771	14.632.506	87.538.277	68.804.447	13.083.744	81.888.191
5.1. Marketable Securities		10.554.349	4.374.279	14.928.628	10.007.092	3.875.114	13.882.206
5.2. Guarantee Notes		1.138.343	182.354	1.320.697	1.223.615	193.710	1.417.325
5.3. Commodity		4.442.429	1.541.615	5.984.044	3.520.395	1.194.171	4.714.566
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		52.699.614	6.787.364	59.486.978	51.035.646	5.913.841	56.949.487
5.6. Other Pledged Items		3.801.169	1.736.673	5.537.842	2.763.503	1.898.042	4.661.545
5.7. Pledged Items-Depository		269.867	10.221	280.088	254.196	8.866	263.062
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		84.603.939	28.700.268	113.304.207	79.501.095	21.929.784	101.430.879

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF JUNE 30, 2020

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

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	Reviewed	Reviewed	Reviewed	Reviewed
			CURRENT PERIOD January 1- June 30, 2020	PRIOR PERIOD January 1- June 30, 2019	CURRENT PERIOD April 1- June 30, 2020	PRIOR PERIOD April 1- June 30, 2019
I.	PROFIT SHARE INCOME	(1)	1.631.820	1.652.102	822.533	816.703
1.1	Profit Share on Loans		1.408.884	1.456.623	694.761	705.130
1.2	Income Received from Reserve Deposits		3.508	37.065	2.644	19.004
1.3	Income Received from Banks		506	1.559	156	939
1.4	Income Received from Money Market Placements		-	-	-	-
1.5	Income Received from Marketable Securities Portfolio		209.645	124.257	120.284	72.460
1.5.1	Financial Assets at Fair Value Through Profit and Loss		41.660	1.992	29.049	1.377
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		80.592	75.567	44.517	46.398
1.5.3	Financial Assets Measured at Amortised Cost		87.393	46.698	46.718	24.685
1.6	Finance Lease Income		7.790	30.944	3.799	18.267
1.7	Other Profit Share Income		1.487	1.654	889	903
II.	PROFIT SHARE EXPENSE	(2)	851.983	1.309.068	422.239	680.941
2.1	Expense on Profit Sharing Accounts		559.360	827.653	272.689	420.844
2.2	Profit Share Expense on Funds Borrowed		123.790	119.594	66.662	60.391
2.3	Profit Share Expense on Money Market Borrowings		7.167	70.332	4.772	38.304
2.4	Profit Share Expense on Securities Issued		121.970	257.612	60.804	142.888
2.5	Finance Lease Expense		29.788	29.070	14.965	14.787
2.6	Other Profit Share Expense		9.908	4.807	2.347	3.727
III.	NET PROFIT SHARE INCOME (I – II)		779.837	343.034	400.294	135.762
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		100.139	146.910	39.168	76.989
4.1	Fees and Commissions Received		177.229	194.749	79.297	100.108
4.1.1	Non-Cash Loans		64.391	62.902	32.757	31.975
4.1.2	Other	(3)	112.838	131.847	46.540	68.133
4.2	Fees and Commissions Paid (-)		77.090	47.839	40.129	23.119
4.2.1	Non-Cash Loans		106	167	54	123
4.2.2	Other	(3)	76.984	47.672	40.075	22.996
V.	DIVIDEND INCOME	(4)	-	2.762	-	2.762
VI.	TRADING INCOME/LOSS(net)	(5)	58.949	99.654	41.462	63.284
6.1	Capital Market Transaction Income/(Loss)		9.877	23.378	10.692	19.095
6.2	Profit/(Loss) from Derivative Financial Instruments		25.255	(46.891)	16.658	(40.751)
6.3	Foreign Exchange Income/(Loss)		23.817	123.167	14.112	84.940
VII.	OTHER OPERATING INCOME	(6)	177.880	458.424	52.118	142.069
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		1.116.805	1.050.784	533.042	420.866
IX.	EXPECTED CREDIT LOSS (-)	(7)	361.256	402.561	121.945	81.204
X.	OTHER PROVISION EXPENSES (-)		22.355	7.256	18.719	3.637
XI.	PERSONNEL EXPENSES (-)		353.426	330.085	172.634	163.658
XII.	OTHER OPERATING EXPENSES (-)	(8)	290.316	235.557	148.111	119.678
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		89.452	75.325	71.633	52.689
XIV.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-	-	-
XV.	PROFIT/(LOSS) ON EQUITY METHOD		9.726	7.493	5.182	4.223
XVI.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)		-	-	76.815	-
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	99.178	82.818	-	56.912
18.1	Provision for Current Taxes	(10)	26.205	16.498	22.188	8.317
18.2	Deferred Tax Expense Effect (+)		2.162	1.854	1.133	978
18.3	Deferred Tax Income Effect (-)		101.818	134.966	48.755	43.871
XIX.	NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)		77.775	120.322	27.700	36.532
XX.	INCOME FROM DISCONTINUED OPERATIONS	(11)	72.973	66.320	54.627	48.595
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)	72.973	66.320	54.627	48.595
25.1	Group's Income/Loss		71.126	63.043	53.602	49.316
25.2	Minority Shares Profit/Loss (-)		1.847	3.277	1.025	(721)
	Earnings Per Share		0,05	0,07	0,04	0,06

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 JUNE 30, 2020

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed	Reviewed
	CURRENT PERIOD January 1- June 30, 2020	PRIOR PERIOD January 1- June 30, 2019
I. CURRENT PERIOD PROFIT/LOSS	72.973	66.320
II. OTHER COMPREHENSIVE INCOME	24.403	6.317
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	(3.403)	(2.668)
2.1.1 Revaluation Surplus on Tangible Assets	(3.403)	(3.042)
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	374
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	27.806	8.985
2.2.1 Translation Differences	27.916	12.817
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	(141)	(4.913)
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	31	1.081
III. TOTAL COMPREHENSIVE INCOME (I+II)	97.376	72.637

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 JUNE 30, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves ^(*)	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CURRENT PERIOD (January 1 - June 30, 2020)																	
I. Closing balance	(V)	900.000	-	-	1.344.905	270.910	(27.506)	-	73.496	39.532	-	1.430.839	(248.391)	90.045	3.873.830	157.436	4.031.266
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning Of Period (I+II)		900.000	-	-	1.344.905	270.910	(27.506)	-	73.496	39.532	-	1.430.839	(248.391)	90.045	3.873.830	157.436	4.031.266
IV. Total Comprehensive Income		-	-	-	-	(3.403)	-	-	27.916	(110)	-	-	-	71.126	95.529	1.847	97.376
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		-	-	-	55.439	-	-	-	-	-	-	18	(60.729) ^(**)	-	(5.272)	(1.026)	(6.298)
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	-	935.489^(*)	267.507	(27.506)	-	101.412	39.422	-	1.493.874	(282.092)	71.126	3.964.087	158.257	4.122.344

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

^(**) The Parent Bank has paid TL 62.719 in February 2020, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 15.003, the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF JUNE 30, 2019
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss								
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserve s	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
PRIOR PERIOD (January 1 - June 30, 2019)																	
I. Closing balance	(V)	900.000	-	-	845.976	251.889	(17.181)	-	56.714	(28.781)	-	1.301.198	(178.311)	158.014	3.289.518	262.064	3.551.582
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)	-	(17.304)
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)	-	(17.304)
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning Of Period (I+II)		900.000	-	-	845.976	251.889	(17.181)	-	56.714	(28.781)	-	1.301.198	(195.615)	158.014	3.272.214	262.064	3.534.278
IV. Total Comprehensive Income		-	-	-	-	(3.042)	374	-	12.817	(3.832)	-	-	-	63.043	69.360	3.277	72.637
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		-	-	-	24.170	-	-	-	-	-	-	478	(39.105) ^(*)	-	(14.457)	(82.309)	(96.766)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	129.771	28.243	(158.014)	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	129.771	(129.771)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	158.014	(158.014)	-	-	-
Balances at end of the period (III+IV...+X+XI)		900.000	-	-	870.146^(*)	248.847	(16.807)	-	69.531	(32.613)	-	1.431.447	(206.477)	63.043	3.327.117	183.032	3.510.149

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Reviewed	Reviewed
		CURRENT PERIOD January 1- June 30, 2020	PRIOR PERIOD January 1- June 30, 2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		(388.071)	693.673
1.1.1 Profit Share Income Received		1.556.137	1.444.451
1.1.2 Profit Share Expense Paid		(560.656)	(794.887)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		112.838	132.210
1.1.5 Other Income		150.296	131.016
1.1.6 Collections from Previously Written Off Loans		195.296	147.776
1.1.7 Payments to Personnel and Service Suppliers		(436.425)	(437.620)
1.1.8 Taxes Paid		(28.266)	(25.174)
1.1.9 Others		(1.377.291)	95.901
1.2 Changes In Operating Assets And Liabilities		(616.338)	2.109.148
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(2.657.205)	(260.329)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		2.219.951	1.998.310
1.2.3 Net (Increase) Decrease in Loans		(6.140.270)	(1.690.250)
1.2.4 Net (Increase) Decrease in Other Assets		(165.145)	369.740
1.2.5 Net Increase (Decrease) in Bank Deposits		(1.152.504)	618.739
1.2.6 Net Increase (Decrease) in Other Deposits		6.919.889	3.300.209
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		358.946	(2.227.271)
I. Net Cash Flow From Banking Operations		(1.004.409)	2.802.821
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(721.244)	(2.068.470)
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(708)	(152.961)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(53.005)	(82.351)
2.4 Disposals of Property and Equipment		135.294	53.690
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(91.914)	(1.501.432)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		101.075	357.642
2.7 Purchase of Financial Assets Measured at Amortised Cost		(1.620.567)	(875.058)
2.8 Sale of Financial Assets Measured at Amortised Cost		808.581	132.000
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		742.827	(3.577.733)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		12.251.080	11.014.071
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(11.403.120)	(14.497.535)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Leases ^(*)		(42.414)	(39.341)
3.6 Other		(62.719)	(54.928)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		281.688	121.825
V. Net (Decrease) Increase in Cash and Cash Equivalents		(701.138)	(2.721.557)
VI. Cash and Cash Equivalents at the Beginning of the Period		7.189.681	7.109.859
VII. Cash and Cash Equivalents at the End of the Period		6.488.543	4.388.302

^(*) As of June 30, 2020, it includes the payments related to the leases recognized in the financial statements within the scope of "IFRS 16 - Leases", which is applied as of January 1, 2019.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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

SECTION THREE

Accounting Policies

I. Explanations on basis of presentation:

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

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

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

b) Additional paragraph for convenience translation:

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

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

The accounting policies and valuation principles applied in the preparation of consolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS. As of June 30, 2020, ownership investment accounted using equity method is Katılım Emeklilik ve Hayat A.Ş. The subsidiaries, real estate funds, venture capital investment funds, security funds accounted using full consolidation method are Bereket Varlık Kiralama A.Ş., Insha Gmbh, Albaraka Portföy Yönetimi A.Ş., Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu, Albaraka Portföy Yönetimi A.Ş. Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu and Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu respectively.

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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

I. Explanations on basis of presentation (continued):

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

The preparation of the consolidated financial statements according to BRSA Reporting and Accounting Legislation requires the Group's management to make estimates and assumptions related to assets and liabilities in the balance sheet and contingent issues as of the balance sheet date. Such estimates and assumptions include the fair value calculations of the financial instruments, provisions for the lawsuits, deferred tax assets and liabilities, impairment of the financial assets and revaluation of immovables and reviewed periodically and when adjustments are considered necessary they are reflected in the financial statements. The assumptions and estimates used are explained in the related notes. Accounting policies and evaluation principles in preparing Financial statements are determined and applied as per the principles stated in "BRSA Accounting and Financial Reporting Legislation" and consistent with the accounting policies applied for December 31, 2019 financial statements except that are stated in part Three, note VII.

The covid 19 pandemic showed up in China, spreaded in various countries and caused upper respiratory infections. The pandemic has affected economical conditions locally and globally in especially the countries, which are most exposed to it and caused operational malfunctions. As a result of World wide spread of the pandemic, like all over the World, the measurements have been taken in our country in order to prevent viral shedding. Beside these measurements, economical measurements are being taken to minimise the effects of pandemic for individuals and firms in the world and in our country.

While preparing June 30, 2020 mid-term financials, the bank has reflected the possible impacts of covid 19 pandemic to the estimates and assumptions used in preparing financial statements. The estimates and assumptions used in expected credit loss provisions are explained under information on expected credit losses.

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

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

e) Comparative information and classifications:

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

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

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

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

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

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

There are no foreign currency differences capitalized by the Group.

III. Information on consolidated associates:

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

a) Consolidation principles on joint ventures:

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

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

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

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

b) Consolidation principles on subsidiaries:

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

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

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

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

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

III. Information on consolidated associates (continued):

b) Consolidation principles on subsidiaries (continued):

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

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

c) Consolidation principles on investment funds:

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

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	91,30	91,30
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	94,94	94,94
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	89,09	89,09
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu	Istanbul/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.	86,94	86,94
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	To invest in the initial stages of technology and innovation companies that provide products or services to Fintech venture companies or financial companies or to terminate the investment in the advanced stages by methods such as sale, merger and public offering.	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu ⁽¹⁾	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	100,00
Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu (Hisse Senedi Yoğun Fon)	Istanbul/Turkey	To manage the Fund established under the "Stock Umbrella Fund" in accordance with the related legislation, in accordance with the definition of umbrella funds covering the funds invested in the shares of domestic and / or foreign issuers.	12,79	12,79
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu	Istanbul/Turkey	To direct the fund portfolio mainly to the domestic and / or foreign public and private sector lease certificates in foreign currency, to the other part of the portfolio to the gold, promises agreement, participation accounts and similar interest-free investment instruments	43,19	43,19
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu	Istanbul/Turkey	In addition to gold and gold based capital market instruments, shareholding shares, participation accounts, promissory contracts, public and / or private sector lease certificates and other interest-free money and capital market instruments approved by the Regulator are to be taken into account.	18,47	18,47

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III. Information on consolidated associates (continued):

c) Consolidation principles on investment funds (continued):

Title	Operation Center (City/Country)	Main Activities	Effective Rates (%)	Direct and Indirect Rates (%)
Albaraka Portföy Yönetimi A.Ş. Kıra Sertifikaları Katılım Fonu	Istanbul/Turkey	Lease certificates issued by the public and private sectors, as well as shareholding interests, gold, participation accounts, promised contracts and other interest-free money and capital market instruments deemed appropriate by the Regulator.	50,89	50,89
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	100,00

(*) Relevant funds are controlled by the funds which are consolidated and controlled by the Parent Bank that has indirect control over these funds.

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

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

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

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

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

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

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

V. Explanations on profit share income and expenses:

Profit share income

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

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

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

Profit share expense

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

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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:

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

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

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

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

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VII. Explanations on financial assets (continued):

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, 2019 prepared by appraisers have been taken into consideration in measuring the fair values of the profit and loss sharing investments. These projects have not been revalued on the assumption that their cash flows do not change significantly as of June 30, 2020 and this assumption will be reassessed considering covid pandemia in the coming periods.

Financial assets at fair value through other comprehensive income:

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

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

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

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VII. Explanations on financial assets (continued):

Financial assets measured at amortized cost:

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

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

Loans:

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

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

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

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

VIII. Explanations on expected credit losses:

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

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

Because of the malfunction in economical and commercial operations, BRSA has taken decisions dated March 17, 2020 numbered 8948 and March 27,2020 numbered 8970 within the context of clause 4 and 5 of the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” which will be valid as of March 17, 2020. As a result of those decisions, it has been determined that 30 days overdue will be 90 days to classify first group loans as second group loans and 90 days overdue will be 180 days to classify first and second group loans as non performing loans. All changes will be applied until december 31, 2020.

- Temporarily it is possible that loans which are not collected up to 90 days to be classified under first group, up to 180 days classified under second group.
- The Customers who have rescheduled loans have been enabled to postpone the installments without breaking existing rescheduled contracts within the mentioned period.
- In finalizing the Pro rata banks protocols, the operations which will take time will be extended with common accord.

As a result, the provisions to be allocated for such receivables will continue as per the risk models under TFRS 9 the banks use in calculating expected credit losses.

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VIII. Explanations on expected credit losses (continued):

As of June 30, 2020, under these flexibilities mentioned above, the Bank has cash receivables amount to TL 528.412 over 30 days due and TL 244.395 over 90 days due, these receivables are classified under first and second group respectively and expected credit losses are allocated as per the related groups.

As stated under the note of significant estimates and assumptions in preparing financial statements, the Bank has changed the parameters in allocating provisions by using the best estimates and assumptions for expected credit losses to reflect the possible impact of Covid 19 pandemia to its financial statements as of June 30, 2020. In provisioning parameters, base scenario rate has been updated as 80%, negative condition scenario rate has been updated as 20% and positive condition scenario has been cancelled. Under this context, this approach used for the second quarter of 2020, will be reviewed in the coming reporting periods by considering the changes in outcomes of pandemia, credit portfolio and expectations related to the future.

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

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

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

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

Parameters used when calculating expected credit losses:

Probability of Default (PD):

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

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

Loss Given Default (LGD):

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

Exposure at Default (EAD):

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

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

12 Month Expected Credit Losses (Stage 1):

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

As per the decision by BRSA dated March 27, 2020 numbered 8970, which is valid from March 17, 2020 until December 31, 2020, the cash loans which are between 30 and 90 days overdue are classified under first group loans.

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VIII. Explanations on expected credit losses (continued):

Significant Increase in Credit Risk (Stage 2):

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

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

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

As per the decision by BRSA dated March 27, 2020 numbered 8970, which is from March 17, 2020 until December 31, 2020, the cash loans that are between 90 and 180 days overdue are classified under second group loans.

Default (Stage 3/Specific Provision):

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

- Loans past 90 days from the last installment date (In this case, default status starts on the 91st day.) In addition, as per the decision by BRSA dated March 17, 2020 numbered 8948, which is valid from March 17, 2020 until December 31, 2020, the definition of "default" is that the receivable is 180 days overdue.
- Loans restructured and classified as performing receivables, and restructured in the 1 year monitoring period at least once again

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.

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

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

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

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

XII. Explanations on goodwill and other intangible assets:

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

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

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

XIII. Explanations on tangible assets:

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

As of March 31, 2009, the Parent Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2019, the Parent Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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

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

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

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XIII. Explanations on tangible assets (continued):

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

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

The revaluation reports as of December 31, 2019 prepared by appraisers have been taken into consideration in measuring the fair values of the investment properties. Investment Properties have not been revalued on the assumption that their cash flows do not change significantly as of June 30, 2020 and this assumption will be reassessed considering covid pandemia in the coming periods.

XV. Explanations on leasing transactions:

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

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XV. Explanations on leasing transactions (continued):

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

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

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

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

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

Right to use asset:

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

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

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

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

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

The lease liabilities:

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

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

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

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

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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 June 30, 2020, there is an actuarial loss amounts to TL 35.264 before deferred tax calculation. (December 31, 2019: TL 35.264 actuarial loss).

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

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

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

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XVIII. Explanations on taxation:

Current tax:

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

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

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

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

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

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

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

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

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

As explained in detailed note under "XVII. Additional explanations on borrowings", deferred tax is calculated for exchange difference and coupon payment for Tier 1 under equity and deferred tax expenses.

Deferred tax:

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

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

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it

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XVIII. Explanations on taxation (continued):

Deferred tax (continued):

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

Transfer pricing:

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

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

XIX. Additional explanations on borrowings:

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

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

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

Additional tier 1 capital borrowings:

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

XX. Explanations on issued share certificates:

None.

XXI. Explanations on acceptances and availed drafts:

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

XXII. Explanations on government grants:

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

XXIII. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note X.

XXIV. Explanations on other matters:

There is no other matter.

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SECTION FOUR

Information on Consolidated Financial Structure and Risk Management of the Group

I. Explanations on consolidated capital adequacy standard ratio:

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of June 30, 2020, the Parent Bank’s total capital has been calculated as TL 5.532.335 and capital adequacy standard ratio is 16,17%. As of December 31, 2019, the Parent Bank’s total capital amounted to TL 5.182.122 and capital adequacy ratio was 15,91%. The Parent Bank’s capital adequacy standard ratio is above the minimum ratio required by the legislation.

a) Information on consolidated capital:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.350.000	900.000
Share issue premiums	14.855	-
Reserves	1.211.782	1.182.456
Gains recognized in equity as per TAS	569.169	953.069
Profit	71.126	90.045
Current Period Profit	71.126	90.045
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Minority Share	-	-
Common Equity Tier 1 Capital Before Deductions	3.216.932	3.125.570
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	27.506	27.223
Improvement costs for operating leasing	22.894	24.273
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	38.579	33.949
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	111.451	111.451
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	200.430	196.896
Total Common Equity Tier 1 Capital	3.016.502	2.928.674

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

a) Information on consolidated capital (continued):

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	775.720
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	775.720	775.720
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	775.720	775.720
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.792.222	3.704.394
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.582.059	1.362.486
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	160.209	116.745
Tier II Capital Before Deductions	1.742.268	1.479.231
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.742.268	1.479.231
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.534.490	5.183.625
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	2.155	1.503

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

a) Information on consolidated capital (continued):

	Current Period	Prior Period
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (Total Core Capital and Supplementary Capital)	5.532.335	5.182.122
Total risk weighted amounts	34.223.433	32.572.892
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	8,81	8,99
Consolidated Tier 1 Capital Adequacy Ratio (%)	11,08	11,37
Consolidated Capital Adequacy Ratio (%)	16,17	15,91
BUFFERS		
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	4,31	4,49
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	274.082	231.614
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	160.209	116.745
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	160.209	116.745
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

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

In press release by BRSA dated March 23, 2020 it is stated that there are financial market turbulences as a result of Covid 19 pandemia. Because of this, in calculating credit risk as per "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is possible that the Exchange rates used for preparing December 31, 2020 financial statements can be used in calculating the revalued amounts of monetary and non monetary items and their specific provisions. The items, which are carried at cost, is out of scope. In addition, if the net revaluation amounts are negative for "Financial Assets Measured at Fair Value through Other Comprehensive Income", these negative amounts may not be considered in calculating equity calculated as per "Regulation on Equity of Banks". However, if the financial Assets Measured at Fair Value through Other Comprehensive Income acquired after March 23, 2020, then the existing clauses of the regulation is applied. As of March, the Parent Bank utilized the facilities mentioned above.

b) Details on subordinated liabilities:

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
Special Consideration in the Calculation of Equity		
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.582.059	TL 775.720 ^(*)
Par Value of Instrument	TL 1.582.059	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2020 Total Repayment Amount of Profit Share: USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	10,50%	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative
Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval it is convertible and the rate may be determined.	As per BRSA approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

^(*) Represented as historical cost.

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

c) Information on reconciliation of total capital and equity:

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

II. Explanations on consolidated credit risk:

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

III. Explanations on consolidated currency risk:

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

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

	USD	EUR
As of June 30, 2020 - Balance sheet evaluation rate	6,839	7,674
As of June 29, 2020	6,839	7,689
As of June 26, 2020	6,839	7,666
As of June 25, 2020	6,835	7,674
As of June 24, 2020	6,835	7,703
As of June 23, 2020	6,836	7,749

- d)** The simple arithmetical average of the major foreign exchange buying rates of the Parent Bank for the thirty days before the balance sheet date is TL 6,837 for 1 USD (December 2019: TL 5,664), TL 7,693 for 1 EUR (December 2019: TL 6,337).

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

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III. Explanations on consolidated currency risk (continued):

Information on currency risk of the Group:

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	2.320.338	3.041.457	1.167.696	6.529.491
Banks	420.235	928.318	1.199.385	2.547.938
Financial assets at fair value through profit and loss ^(**)	654.194	436.328	1.591.759	2.682.281
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	192.299	1.145.478	4.133	1.341.910
Loans and financial lease receivables ^(***)	5.891.523	12.076.343	372.257	18.340.123
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	848.839	1.272.713	-	2.121.552
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	20.456	20.456
Intangible assets	5.738	-	-	5.738
Other assets ^(****)	8.892	279.615	2.662	291.169
Total assets	10.342.058	19.180.252	4.358.348	33.880.658
Liabilities				
Current account and funds collected from banks via participation accounts	655.971	169.430	7.708	833.109
Other current and profit sharing accounts	6.990.141	16.364.745	3.956.698	27.311.584
Money market borrowings	209.094	68.014	-	277.108
Funds provided from other financial institutions and subordinated loans	1.336.648	3.073.009	-	4.409.657
Marketable securities issued	-	-	-	-
Miscellaneous payables	44.715	130.128	10.077	184.920
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	227	16.540	5.172	21.939
Total liabilities	9.236.796	19.821.866	3.979.655	33.038.317
Net balance sheet position	1.105.262	(641.614)	378.693	842.341
Net off balance sheet position	(1.070.908)	1.085.563	90.473	105.128
Derivative financial instruments assets ^(*****)	101.679	1.656.802	105.004	1.863.485
Derivative financial instruments liabilities ^(*****)	1.172.587	571.239	14.531	1.758.357
Non-cash loans ^(*****)	2.079.681	3.321.257	78.603	5.479.541
Prior Period				
Total assets	8.735.547	17.727.324	2.781.751	29.244.622
Total liabilities	8.573.707	17.397.454	2.389.282	28.360.443
Net balance sheet position	161.840	329.870	392.469	884.179
Net off balance sheet position	(122.274)	61.052	9.191	(52.031)
Derivative financial instruments assets	34.622	163.856	20.238	218.716
Derivative financial instruments liabilities	156.896	102.804	11.047	270.747
Non-cash loans ^(*****)	2.052.218	3.212.326	38.392	5.302.936

^(*) TL 1.132.112 (December 31, 2019: TL 1.324.944) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 857.026 (December 31, 2019: TL 425.089) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 3.654.006 (December 31, 2019: TL 2.192.902) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

^(**) Derivative financial instruments are included.

^(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 1.984.327 (December 31, 2019: TL 2.154.914).

^(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 2.277 (December 31, 2019: TL 1.591) is included in other assets.

^(*****) In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 152.658 (December 31, 2019: TL 174.881) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 163.679 (December 31, 2019: TL 214.726).

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

Other issues related to currency risk:

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

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

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

V. Explanations on consolidated liquidity risk:

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

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

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

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

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

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

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

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

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

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

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework. There exists “Liquidity Risk Management Contingency Funding Plan” in the Parent Bank including mechanisms to prevent increase in liquidity risk during normal and liquidity crisis scenarios for different conditions and levels.

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V. Explanations on consolidated liquidity risk (continued):

Available liquidity sources are determined by considering the liquidity squeezes. Within the framework of this plan, the Parent Bank monitors liquidity risk in terms of early warning indicators in each stress.

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 ^(*)	
	Current Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			12.511.483	10.070.404
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	26.973.186	16.356.814	2.455.583	1.635.681
3	Stable Funds Collected	4.834.721	-	241.736	-
4	Less stable Funds Collected	22.138.465	16.356.814	2.213.847	1.635.681
5	Unsecured Funding other than Retail and Small Business Customers Deposits	12.712.279	8.939.502	5.930.942	3.906.473
6	Operational Funds Collected	604.876	595.687	151.219	148.922
7	Non-Operational Funds Collected	4.632.961	2.901.116	2.247.780	1.477.681
8	Other Unsecured Funding	7.474.442	5.442.699	3.531.943	2.279.870
9	Secured funding			-	-
10	Other Cash Outflows	3.185.217	3.107.603	3.185.217	3.107.603
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.185.217	3.107.603	3.185.217	3.107.603
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	10.934.011	5.423.746	1.015.962	617.236
16	TOTAL CASH OUTFLOWS			12.587.704	9.266.993
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	6.664.615	4.624.838	5.482.529	4.067.171
19	Other contractual cash inflows	3.188.155	2.148.448	3.188.155	2.148.448
20	TOTAL CASH INFLOWS	9.852.770	6.773.286	8.670.684	6.215.619
				Upper limit applied amounts	
21	TOTAL HQLA			12.511.483	10.070.404
22	TOTAL NET CASH OUTFLOWS			3.917.020	3.051.373
23	Liquidity Coverage Ratio (%)			319,41	330,03

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

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	256,90	274,10
Date	June 30, 2020	May 3, 2020
Highest	401,63	442,10
Date	June 5, 2020	June 5, 2020
Average	319,41	330,03

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V. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

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

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

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2019 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	251,16	244,1
Date	November 10, 2019	October 20, 2019
Highest	490,24	543,8
Date	December 06, 2019	December 19, 2019
Average	373,87	367,96

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

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V. Explanations on consolidated liquidity risk (continued):

Consolidated liquidity coverage ratio (continued):

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Parent Bank's high quality liquid assets are composed of 7,99% cash, 34,41% deposits in central banks and 57,60% securities considered as high quality liquid assets.

The Parent Bank's main funding sources are funds collected, funds borrowed, borrowings from money market, issued securities and subordinated loans. Funding source composition in report date is 85,72% funds collected, 14,28% funds borrowed, borrowings from money market, subordinated loans and securities issued.

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

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

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V. Explanations on consolidated liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (****)(****)	Total
Current Period								
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	4.402.423	2.851.350	-	-	-	-	-	7.253.773
Banks	2.469.961	941.475	91.766	-	-	-	-	3.503.202
Financial Assets at Fair Value Through Profit and Loss ^(*)	102.032	19.895	15.172	1.899.048	1.291.020	-	-	3.327.167
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	34.974	982	108.637	602.716	1.350.263	-	-	2.097.572
Loans ^(**)	-	3.378.059	1.528.154	10.110.113	16.519.379	3.159.527	1.235.972	35.931.204
Financial Assets Measured at Amortised Cost	-	7.002	38.947	1.320.227	1.725.038	-	-	3.091.214
Other Assets ^(****)	746.970	-	1.703	15.411	132.326	854.265	2.604.356	4.355.031
Total Assets	7.756.360	7.198.763	1.784.379	13.947.515	21.018.026	4.013.792	3.840.328	59.559.163
Liabilities								
Current account and funds collected from banks via participation accounts	311.617	393.262	129.668	7.205	-	-	-	841.752
Other current and profit sharing accounts	16.686.753	21.574.498	4.504.427	1.885.703	54.518	-	-	44.705.899
Funds provided from other financial institutions and subordinated loans	-	1.252.755	981.111	651.265	9.504	1.582.059	-	4.476.694
Money Market Borrowings	-	336.942	-	-	-	-	-	336.942
Marketable securities issued	-	1.018.151	1.210.266	543.813	-	-	-	2.772.230
Miscellaneous payables	-	312.287	73.136	30.769	93	-	1.316.826	1.733.111
Other liabilities	775.720	-	127	5.556	104.049	195.007	3.612.076	4.692.535
Total Liabilities	17.774.090	24.887.895	6.898.735	3.124.311	168.164	1.777.066	4.928.902	59.559.163
Net Liquidity Gap	(10.017.730)	(17.689.132)	(5.114.356)	10.823.204	20.849.862	2.236.726	(1.088.574)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	921	(7.517)	(2.097)	-	-	-	(8.693)
Financial Derivative Liabilities	-	1.725.984	310.144	119.552	-	-	-	2.155.680
Non-Cash Loans	-	1.725.063	317.661	121.649	-	-	-	2.164.373
Non-Cash Loans	6.015.591	430.246	447.872	2.414.665	1.094.824	34.385	-	10.437.583
Prior Period								
Total Assets	7.272.197	8.764.833	1.790.763	8.280.918	17.649.474	2.569.486	5.148.297	51.475.968
Total Liabilities	14.670.714	21.272.295	6.471.392	2.481.000	437.433	1.562.226	4.580.908	51.475.968
Net Liquidity Gap	(7.398.517)	(12.507.462)	(4.680.629)	5.799.918	17.212.041	1.007.260	567.389	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	113	(108)	243	-	-	-	248
Financial Derivative Liabilities	-	34.764	8.644	23.261	-	-	-	66.669
Non-Cash Loans	-	34.651	8.752	23.018	-	-	-	66.421
Non-Cash Loans	5.962.062	223.917	560.809	2.632.808	1.011.614	40.228	-	10.431.438

^(*) Derivative financial instruments are included.

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

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

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

^(*****) The balance represents investment property and other assets.

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VI. Explanations on consolidated leverage ratio:

	Current Period^(*)	Prior Period^(**)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(*)	58.428.706	49.128.437
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	5.220.014	2.225.031
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	685.347	218.303
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	8.182	7.631
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
Total Risk Amount	72.041.979	61.760.984

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

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

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VI. Explanations on consolidated leverage ratio (continued):

As of June 30, 2020, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 5,20% (December 31, 2019: 5,32%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is that increase in average total risk amount is higher than increase in average capital amount.

	Current Period ^(*)	Prior Period ^(*)
Balance sheet assets		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	58.724.712	49.365.269
2 (Assets deducted from Core capital)	(59.439)	(58.234)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	58.665.273	49.307.035
Derivative financial assets and credit derivatives		
4 Cost of replenishment for derivative financial assets and credit derivatives	4.096	5.672
5 Potential credit risk amount of derivative financial assets and credit derivatives	26.173	11.228
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	30.269	16.900
Financing transactions secured by marketable security or commodity		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	163.765	186.303
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	163.765	186.303
Off-balance sheet transactions		
10 Gross notional amount of off-balance sheet transactions	13.182.672	12.250.746
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	13.182.672	12.250.746
Capital and total risk		
13 Core Capital	3.749.109	3.288.556
14 Total risk amount (sum of lines 3, 6, 9 and 12)	72.041.979	61.760.984
Leverage ratio		
15 Leverage ratio (%)	5,20	5,32

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

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

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

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

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

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IX. Explanations on consolidated on risk management:

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of June 30, 2016. Due Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. The following tables which have to be presented on a quarterly basis have not been presented dated June 30, 2020 since the Bank's use the standard approach for the calculation of capital adequacy:

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

a. Consolidated risk management strategy and weighted amounts:

a.1. Risk management strategy:

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

a.2. Risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	29.663.622	29.462.092	2.373.090
2	Standardised approach (SA)	29.663.622	29.462.092	2.373.090
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	13.458	2.396	1077
5	Standardised approach for counterparty credit risk (SA-CCR)	13.458	2.396	1077
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models	-	-	-
8	equity position in the banking account	-	-	-
9	Investments made in collective investment companies – look-through approach	-	-	-
10	Investments made in collective investment companies – mandate-based approach	-	-	-
11	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
12	Settlement risk	-	-	-
13	Securitization positions in banking accounts	-	-	-
14	IRB ratings-based approach (RBA)	-	-	-
15	IRB Supervisory Formula Approach (SFA)	-	-	-
16	SA/simplified supervisory formula approach (SSFA)	-	-	-
17	Market risk	1.602.329	397.345	128.186
18	Standardised approach (SA)	1.602.329	397.345	128.186
19	Internal model approaches (IMM)	-	-	-
20	Operational Risk	2.944.024	2.711.059	235.522
21	Basic Indicator Approach	2.944.024	2.711.059	235.522
22	Standard Approach	-	-	-
23	Advanced measurement approach	-	-	-
24	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	34.223.433	32.572.892	2.737.875

b. Financial statements and regulatory exposures reconciliation:

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

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IX. 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:

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

c.1.2. Credit quality of assets:

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	2.394.178	35.040.858	1.503.832	35.931.204
2 Debt securities	-	8.426.581	1.952	8.424.629
3 Off-balance sheet exposures	102.272	12.528.393	22.406	12.608.259
4 Total	2.496.450	55.995.832	1.528.190	56.964.092

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	2.221.723	28.719.077	1.191.711	29.749.089
2 Debt securities	-	4.506.002	2.512	4.503.490
3 Off-balance sheet exposures	68.218	12.475.333	18.616	12.524.935
4 Total	2.289.941	45.700.412	1.212.839	46.777.514

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	2.289.941	1.950.374
2 Loans and debt securities that have defaulted since the last reporting period	374.170	1.240.709
3 Receivables back to non-defaulted status	6.419	90.359
4 Amounts written off	-	441.418
5 Other changes	161.242	369.365
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	2.496.450	2.289.941

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

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

c.2. Credit risk mitigation

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

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

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IX. Explanations on consolidated risk management (continued):

c.2.2. Credit risk mitigation techniques:

Current Period		Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	27.307.112	8.624.092	6.381.012	1.535.089	718.091	-	-
2	Debt securities	8.424.629	-	-	-	-	-	-
3	Total	35.731.741	8.624.092	6.381.012	1.535.089	718.091	-	-
4	Of which defaulted	1.002.354	233.618	165.568	1.047	131	-	-

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	22.484.742	7.264.347	5.079.229	1.061.069	472.864	-	-
2	Debt securities	4.503.490	-	-	-	-	-	-
3	Total	26.988.232	7.264.347	5.079.229	1.061.069	472.864	-	-
4	Of which defaulted	1.043.668	231.424	179.911	2.040	617	-	-

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IX. Explanations on consolidated risk management (continued):

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:

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

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	8.580.046	1.210	9.414.397	510	101	0,00%
2	Receivables from regional or local governments	75.485	-	75.964	-	37.743	49,69%
3	Receivables from administrative units and non-commercial enterprises	120.823	43.671	120.823	19.523	136.988	97,61%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	3.938.012	434.737	3.970.845	365.455	1.971.991	45,48%
7	Receivables from corporates	14.575.094	5.828.066	14.300.482	3.474.041	17.489.060	98,39%
8	Retail receivables	4.282.778	4.523.932	3.697.068	1.672.040	3.897.908	72,60%
9	Receivables secured by mortgages on property	801.023	55.649	794.801	22.535	287.108	35,13%
10	Receivables secured by mortgages on commercial property	2.021.223	644.579	2.021.223	352.090	1.240.809	52,28%
11	Past due receivables	807.721	-	806.602	-	908.190	112,59%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Other receivables	5.547.880	11.552	5.547.880	2.310	3.570.127	64,32%
17	Equity share investments	123.597	-	123.597	-	123.597	100,00%
18	Total	40.873.682	11.543.396	40.873.682	5.908.504	29.663.622	63,41%

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IX. Explanations on consolidated risk management (continued):

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

Prior Period	Risk classes	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Receivables from central governments or central banks	9.764.991	1.382	10.211.898	544	1.283.586	12,57%
2	Receivables from regional or local governments	99.368	-	101.305	-	49.684	49,04%
3	Receivables from administrative units and non-commercial enterprises	91.771	42.417	91.771	19.291	106.571	95,96%
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	4.878.697	371.291	4.918.661	311.148	2.181.313	41,71%
7	Receivables from corporates	12.637.455	6.571.319	12.455.492	4.143.123	16.383.443	98,70%
8	Retail receivables	3.659.422	4.458.227	3.354.729	1.699.332	3.681.663	72,85%
9	Receivables secured by mortgages on property	436.616	48.133	435.797	20.292	162.259	35,58%
10	Receivables secured by mortgages on commercial property	2.078.951	599.311	2.078.951	332.224	1.262.320	52,35%
11	Past due receivables	703.682	-	702.349	-	704.941	100,37%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Other receivables	5.318.761	10.381	5.318.761	2.076	3.538.915	66,51%
17	Equity share investments	107.397	-	107.397	-	107.397	100%
18	Total	39.777.111	12.102.461	39.777.111	6.528.030	29.462.092	63,63%

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IX. 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
	Risk Classes/Risk Weighted	0%	10%	20%		50%	75%	100%	150%	200%	Others	(post-CCF and CRM)
1	Exposures to sovereigns and their central banks	9.307.008	-	-	-	107.798	-	101	-	-	-	9.414.907
2	Exposures to regional and local government	-	-	-	-	75.964	-	-	-	-	-	75.964
3	Exposures to administrative bodies and non-commercial entities	596	-	3.452	-	-	-	136.298	-	-	-	140.346
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	7.754	-	2.877.736	-	75.902	-	1.374.908	-	-	-	4.336.300
7	Exposures to corporates	154.940	-	185.480	-	68.450	-	17.365.653	-	-	-	17.774.523
8	Retail exposures	121.168	-	102.543	-	-	5.145.397	-	-	-	-	5.369.108
9	Exposures secured by residential property	1.088	-	928	809.855	3.982	-	1.483	-	-	-	817.336
10	Exposures secured by commercial property	-	-	-	-	2.265.008	-	108.305	-	-	-	2.373.313
11	Past-due items	72	-	7	-	199.900	-	203.623	403.000	-	-	806.602
12	Exposures in high-risk Categories	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-
16	Other exposures	1.644.840	-	419.029	-	-	-	3.486.321	-	-	-	5.550.190
17	Equity share investments	-	-	-	-	-	-	123.597	-	-	-	123.597
18	Total	11.237.466	-	3.589.175	809.855	2.797.004	5.145.397	22.800.289	403.000	-	-	46.782.186

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IX. Explanations on consolidated risk management (continued):

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

Prior Period		35% secured by property mortgage										Total risk amount
	Risk Classes/Risk Weighted	0%	10%	20%		50%	75%	100%	150%	200%	Others	(post-CCF and CRM)
1	Exposures to sovereigns and their central banks	7.548.741	-	-	-	2.603.730	-	59.971	-	-	-	10.212.442
2	Exposures to regional and local government	-	-	-	-	101.305	-	-	-	-	-	101.305
3	Exposures to administrative bodies and non-commercial entities	835	-	4.570	-	-	-	105.657	-	-	-	111.062
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	9.097	-	3.134.319	-	1.023.925	-	1.062.468	-	-	-	5.229.809
7	Exposures to corporates	165.457	-	130.251	-	27.500	-	16.275.407	-	-	-	16.598.615
8	Retail exposures	128.160	-	79.261	-	-	4.846.640	-	-	-	-	5.054.061
9	Exposures secured by residential property	3.027	-	305	442.376	6.032	-	4.349	-	-	-	456.089
10	Exposures secured by commercial property	-	-	-	-	2.297.710	-	113.465	-	-	-	2.411.175
11	Past-due items	128	-	212	-	238.401	-	219.691	243.917	-	-	702.349
12	Exposures in high-risk categories	-	-	-	-	-	-	-	-	-	-	-
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-
16	Other exposures	1.334.948	-	558.718	-	-	-	3.427.171	-	-	-	5.320.837
17	Equity share investments	-	-	-	-	-	-	107.397	-	-	-	107.397
18	Total	9.190.393	-	3.907.636	442.376	6.298.603	4.846.640	21.375.576	243.917	-	-	46.305.141

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IX. Explanations on consolidated risk management (continued):

ç. Consolidated counterparty credit risk:

ç.1. Qualitative disclosure on counterparty credit risk:

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

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)	5.706	23.343		-	29.049	9.506
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						9.506

(*) 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)	640	2.854		-	3.494	1.857
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)					-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions					-	-
6	Total						1.857

(*) Effective Expected Positive Exposure

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IX. Explanations on consolidated risk management (continued):

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

		Current Period		Prior Period	
		EAD post- CRM	RWA	EAD post-CRM	RWA
Total portfolios subject to the Advanced CVA capital obligation		-	-	-	-
1	(i) VaR component (including the 3×multiplier)	-	-	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3	All portfolios subject to the Standardised CVA capital obligation	29.049	3.952	3.494	539
4	Total subject to the CVA capital obligation	29.049	3.952	3.494	539

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

Current Period									
Risk Classes	Risk Weighted								Total credit exposure ^(*)
	0%	10%	20%	50%	75%	100%	150%	Other	
Exposures to sovereigns and their central banks	5.942	-	-	-	-	-	-	-	5.942
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	10.201	10.881	-	-	-	-	21.082
Exposures to corporates	-	-	-	-	-	2.025	-	-	2.025
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	5.942	-	10.201	10.881	-	2.025	-	-	29.049

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

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IX. Explanations on consolidated risk management (continued):

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

Risk Classes	Prior Period Risk Weighted								Total credit exposure ^(*)
	0%	10%	20%	50%	75%	100%	150%	Other	
Exposures to sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	1.603	711	-	665	-	-	2.979
Exposures to corporates	-	-	-	-	-	515	-	-	515
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures secured by residential property	-	-	-	-	-	-	-	-	-
Past-due items	-	-	-	-	-	-	-	-	-
Exposures in high-risk Categories	-	-	-	-	-	-	-	-	-
Exposures secured by commercial property	-	-	-	-	-	-	-	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total	-	-	1.603	711	-	1.180	-	-	3.494

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

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IX. 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	-	3.066	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	3.066	-	-	-	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collaterals received		Collaterals granted		Collaterals received	Collaterals granted
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	2.268	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	2.268	-	-	-	-

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

The Parent Bank does not have any risks arising from purchased or sold credit derivatives (December 31, 2018: None).

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

The Parent Bank does not have any risks arising from central counterparty (December 31, 2018: None).

d. Consolidated securitization explanations:

There is not any information to be announced to public on securitization (December 31, 2018: None).

e. Consolidated market risk

e.1. Qualitative disclosure on market risk:

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

e.2. Market risk under standardised approach:

		Current Period	Prior Period
		RWA	RWA
Outright products^(*)			
1	Profit rate risk (general and specific)	642.557	90.108
2	Equity risk (general and specific)	22.045	5.014
3	Foreign exchange risk	748.964	201.276
4	Commodity risk	188.763	100.947
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	1.602.329	397.345

^(*) Outright products refer to positions in products that are not optional.

f. Consolidated operational risk:

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

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X. Explanations on consolidated business segments:

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

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(195.331)	979.951	358.788	64.517	1.207.925
Operating Expenses	(495.235)	(418.904)	(103.646)	(90.962)	(1.108.747)
Operating Income/Expenses	(690.566)	561.047	255.142	(26.445)	99.178
Profit/(Loss) Before Tax	(690.566)	561.047	255.142	(26.445)	99.178
Tax Expense	-	-	-	(26.205)	(26.205)
Current Year Profit/(Loss)	(690.566)	561.047	255.142	(52.650)	72.973
Total Assets	3.220.862	34.185.289	19.083.686	3.069.326	59.559.163
Total Liabilities	30.721.894	17.016.248	7.690.682	4.130.339	59.559.163

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(362.590)	1.073.926	326.855	20.086	1.058.277
Operating Expenses	(324.491)	(591.582)	(47.093)	(12.293)	(975.459)
Operating Income/Expenses	(687.081)	482.344	279.762	7.793	82.818
Profit/(Loss) Before Tax	(687.081)	482.344	279.762	7.793	82.818
Tax Expense	-	-	-	(16.498)	(16.498)
Current Year Profit/(Loss)	(687.081)	482.344	279.762	(8.705)	66.320
Total Assets	2.574.413	28.499.436	17.385.810	3.016.309	51.475.968
Total Liabilities	26.441.681	15.314.905	5.744.992	3.974.390	51.475.968

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SECTION FIVE

Explanations and notes on the consolidated financial statements

I. Explanations and notes related to consolidated assets:

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

	Current Period		Prior Period	
	TP	YP	TP	YP
Cash/Foreign currency	166.829	980.064	128.031	894.076
CBRT	446.826	4.695.419	1.167.687	5.902.132
Other ^(*)	110.724	854.008	130.984	572.999
Total	724.379	6.529.491	1.426.702	7.369.207

^(*) Includes precious metals amounting to TL 498.439 (December 31, 2019: TL 145.266) and cash in transit amounting to TL 466.293 (December 31, 2019: TL 558.717) as of June 30, 2020.

b) Information related to CBRT:

	Current Period		Prior Period	
	TP	YP	TP	YP
Unrestricted demand deposit	444.182	1.846.616	1.167.543	1.279.517
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	2.644	2.848.803	144	4.622.615
Total	446.826	4.695.419	1.167.687	5.902.132

^(*) As of June 30, 2020, the reserve requirement held in standard gold is TL 633.673 (December 2019: TL 1.179.678)

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

As per the regulation by BRSA dated January 2, 2020, the commission is paid to CBRT from foreign exchange reserves kept at required reserves and foreign exchange call deposits.

As of June 30, 2020, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 1% to 2% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 0% to 16% depending on maturity of deposits in relation to the credit growth ratio incentive.

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

c.1) Information on banks:

	Current Period		Prior Period	
	TP	YP	TP	YP
Banks				
Domestic ^(*)	987.933	1.040.786	1.109.920	840.053
Abroad	-	1.507.152	-	2.244.574
Foreign head offices and branches	-	-	-	-
Total	987.933	2.547.938	1.109.920	3.084.627

^(*) Includes blocked amount TL 951.428 (December 31, 2019: TL 1.032.679) booked under TL accounts arising from POS transactions

c.2) Information on foreign bank accounts:

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

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

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

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

As of June 30, 2020, repurchase agreements nominal amount is TL 199.708. (December 31, 2019: None).

As of June 30, 2020, the guaranteed/blocked nominal amount is TL 864 (December 31, 2019: TL 895).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk	631.932	2.667.350	100.556	436.059
Others	9.937	12.413	33.942	1.920
Total	641.869	2.679.763	134.498	437.979

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

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

As of June 30, 2020, repurchase agreements nominal amount is TL 67.054 (December 31, 2019: None)

As of June 30, 2020, the guaranteed/blocked nominal amount is TL 411.893 (December 31, 2019: TL 355.481)

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

	Current Period	Prior Period
Debt securities	2.064.095	1.966.602
Quoted on a stock exchange	2.064.095	1.966.602
Unquoted	-	-
Investment Funds	-	-
Quoted on a stock exchange	-	-
Unquoted	-	-
Share certificates	34.974	23.312
Quoted on a stock exchange	18.137	15.293
Unquoted	16.837	8.019
Impairment provision (-)	1.497	2.177
Total	2.097.572	1.987.737

4. Information on financial assets measured at amortised cost:

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

As of June 30, 2020, repurchase agreements nominal amount is TL 9.111 (December 31, 2019: None)

As of June 30, 2020, there is not any amount blocked/guaranteed (December 31, 2019: None)

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

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	3.091.214	1.934.483
Total	3.091.214	1.934.483

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

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

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

	Current Period	Prior Period
Debt Securities	3.091.214	1.994.319
Quoted on a stock exchange	3.091.214	1.994.319
Unquoted	-	-
Impairment provision (-)	-	-
Total	3.091.214	1.994.319

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

	Current Period	Prior Period
Balance at beginning of period	1.994.319	618.506
Foreign currency differences on monetary assets	271.388	32.804
Purchases during period (*)	1.620.567	1.442.377
Disposals through sales and redemptions(*)	(808.581)	(132.000)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	13.521	32.632
Closing balance	3.091.214	1.994.319

(*) Represented on nominal values

5. Information on derivative financial assets:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	577	-	138	-
Swap Transactions	2.440	2.518	-	259
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	3.017	2.518	138	259

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

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	158.995	11.395	164.966	39.387
Corporate shareholders	158.811	11.395	164.690	39.037
Real person shareholders	184	-	276	350
Indirect loans granted to shareholders	751.859	14.153	632.926	27.308
Loans granted to employees	17.424	2	15.236	2
Total	928.278	25.550	813.128	66.697

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

6. Information on loans:

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

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

Current Period		Loans Under Close Monitoring		
		Not under the scope of restructuring or rescheduling	Restructured	
Cash Loans	Standard loans		Loans with revised contract terms	Refinancing
Loans	31.753.682	1.979.917	459.108	526.253
Export loans	2.013.340	5.636	-	-
Import loans	2.375.146	35.082	-	-
Business loans	15.165.809	1.848.739	196.617	461.205
Consumer loans	3.026.156	60.653	1.573	-
Credit cards	338.688	3.364	-	-
Loans given to financial sector	1.443.118	-	-	-
Other ^(*)	7.391.425	26.443	260.918	65.048
Other receivables	-	-	-	-
Total	31.753.682	1.979.917	459.108	526.253

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

Commercial loans with installments	1.585.330
Other investment credits	711.250
Loans given to abroad	2.107.441
Profit and loss sharing investments ^(**)	2.974.876
Loans for purchase of marketable securities for customer	300.104
Other	64.833
Total	7.743.834

^(**) As of June 30, 2020, the related balance represents profit and loss sharing investment projects (8 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Parent Bank. As of June 30, 2020, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss.

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

6. Information on loans (continued):

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

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

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

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

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

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

b2. Information on expected credit losses for standard loans and loans under close monitoring:

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	180.364	-
Significant Increase in Credit Risk	-	106.230
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	100.058	-
Significant Increase in Credit Risk	-	85.093

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

6. Information on loans (continued):

c) Maturity analysis of cash loans:

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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	25.407	3.049.345	3.074.752
Housing loans	5.081	2.645.889	2.650.970
Vehicle loans	9.052	316.332	325.384
Consumer loans	11.274	87.124	98.398
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	825	825
Housing loans	-	825	825
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	95.139	227	95.366
With installment	29.291	216	29.507
Without installment	65.848	11	65.859
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	10.465	2.340	12.805
Housing loans	-	480	480
Vehicle loans	55	1.571	1.626
Consumer loans	10.410	289	10.699
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	4.597	22	4.619
With installment	2.199	22	2.221
Without installment	2.398	-	2.398
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (real person)	-	-	-
Overdraft account-FC (real person)	-	-	-
Total	135.608	3.052.759	3.188.367

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

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

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

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

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	60.269	1.114.922	1.175.191
Business loans	3.574	333.497	337.071
Vehicle loans	47.668	616.233	663.901
Consumer loans	9.027	165.192	174.219
Other	-	-	-
Commercial installment loans-FC indexed	-	156.458	156.458
Business loans	-	83.622	83.622
Vehicle loans	-	15.862	15.862
Consumer loans	-	56.974	56.974
Other	-	-	-
Commercial installment Loans-FC	2.723	250.958	253.681
Business loans	1.085	110.925	112.010
Vehicle loans	1.638	97.025	98.663
Consumer loans	-	43.008	43.008
Other	-	-	-
Corporate credit cards-TL	241.425	642	242.067
With installment	68.302	599	68.901
Without installment	173.123	43	173.166
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (legal entity)	-	-	-
Overdraft account-FC (legal entity)	-	-	-
Total	304.417	1.522.980	1.827.397

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

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

e) Allocation of loans by customers:

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

f) Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	32.611.519	26.716.618
Foreign loans	2.107.441	1.698.852
Total	34.718.960	28.415.470

g) Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TP	YP	TP	YP
Direct Loans Granted to Subsidiaries and Associates	4	-	3	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total	4	-	3	-

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

	Current Period	Prior Period
Loans with limited collectability	7.605	250.661
Loans with doubtful collectability	404.300	114.063
Uncollectible loans	746.301	581.907
Total	1.158.206	946.631

Specific provisions in the amount of TL 1.158.206 (December 31, 2019: TL 946.631) comprise TL 490.748 (December 31, 2019: TL 418.351) of participation account share of loans provided from participation accounts.

h. Information on non-performing loans (net):

h.1) Information on non-performing and restructured loans:

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period			
Gross amount before specific provisions	221	27.837	157.114
Restructured loans	221	27.837	157.114
Prior period			
(Gross amount before specific provisions)	1.645	42.080	92.590
Restructured loans and other receivables	1.645	42.080	92.590

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

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period			
Closing balance of prior period	466.434	319.648	1.435.641
Additions in the current period (+)	208.050	45.187	120.933
Transfers from other categories of non-performing loans (+)	-	636.769	290.543
Transfers to other categories of non-performing loans (-)	636.769	290.543	-
Collections in the current period (-)	17.115	45.552	132.629
Transfers to standard loans and write off(-)	744	702	4.973
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	19.856	664.807	1.709.515
Provisions (-)	7.605	404.300	746.301
Net balance at the balance sheet	12.251	260.507	963.214

Non-performing loans in the amount of TL 2.394.178 comprise TL 1.174.046 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	346.493	341.237	1.200.817
Additions in the current period (+)	982.060	80.672	177.977
Transfers from other categories of non-performing loans (+)	-	790.836	688.296
Transfers to other categories of non-performing loans (-)	790.836	688.296	-
Collections in the current period (-)	62.083	122.433	191.240
Transfers to standard loans and write off(-)(*)	9.200	82.368	440.209
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	466.434	319.648	1.435.641
Specific provisions (-)	250.661	114.063	581.907
Net balance at the balance sheet	215.773	205.585	853.734

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

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

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

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period:			
Period end balance	1.158	326.697	100.595
Provision (-)	512	260.252	34.051
Net balance	646	66.445	66.544
Prior period:			
Period end balance	262.392	19.248	99.860
Specific provision (-)	162.380	5.990	48.339
Net balance	100.012	13.258	51.521

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period (net)			
Loans to individuals and corporates (gross)	19.856	664.807	1.709.515
Provision (-)	7.605	404.300	746.301
Loans to individuals and corporates (net)	12.251	260.507	963.214
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)			
Loans to individuals and corporates (gross)	466.434	319.648	1.435.641
Specific provision (-)	250.661	114.063	581.907
Loans to individuals and corporates (net)	215.773	205.585	853.734
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current Period (Net)	4.163	36.686	249.511
Profit Share Accruals and Valuation Differences	5.008	45.561	409.726
Provision (-)	845	8.875	160.215
Prior Period (Net)	19.373	43.571	180.590
Profit Share Accruals and Valuation Differences	25.237	58.290	279.633
Provision (-)	5.864	14.719	99.043

i) Liquidation policy for uncollectable loans:

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

i) Information on "Write-off" policies:

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

7. Information on lease receivables (net):

a) Presentation of remaining maturities of funds lent under finance lease method:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	54.095	32.820	54.436	36.045
1 to 4 years	151.862	139.137	137.190	126.827
More than 4 years	92.628	90.909	83.308	80.806
Total	298.585	262.866	274.934	243.678

b) Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	298.585	274.934
Unearned financial lease receivable (-)	35.719	31.256
Net receivable from financial leases	262.866	243.678

c) General explanation on finance lease contracts:

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

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

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

Information on leasing receivables:

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
			Loans with Revised Contract Terms	Refinancing
Current Period				
Financial lease receivables (Net)	251.022	9.042	2.802	-
Prior Period				
Financial lease receivables (Net)	231.435	10.337	1.906	-

8. Information on assets held for sale and assets of discontinued operations:

Assets held for sale consist of tangible assets, which have been acquired due to non-performing loans.

	Current Period	Prior Period
Opening Balance	124.480	649.688
Additions	82.488	159.027
Disposals	(36.806)	(62.075)
Transfers ^(*)	(49.699)	(835.806)
Impairment Provision (-)/Reversal of Impairment Provision ^(*)	72	213.646
Net closing balance	120.535	124.480

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

As of June 30, 2020, TL 120.448 (December 31, 2019: TL 123.357) of the assets held for sale is comprised of real estates, TL 87 (December 31, 2019: TL 1.123) is comprised of other tangible assets. The Parent Bank has not any discontinued operations and assets of discontinued operations.

9. Ownership investments:

a) Associates:

a.1) Information on consolidated associates:

The associates of Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu controlled by Parent Bank, namely Inooster Bilgi Teknolojileri A.Ş., Pedudi Bilişim Teknolojileri A.Ş., Tam Entegre Yazılım A.Ş., Kronnika Bilgi Teknolojileri A.Ş. and Vomsis Bilişim Teknolojileri A.Ş. have not been consolidated since they are non-financial associates. The information related to those companies as of June 30, 2020 is as follows:

Title	Operation Center (City/Country)	Main Activities	Capital	(Fund) Share Percentage (%)	Fair value of the amount invested by the Fund
Inooster Bilgi Teknolojileri A.Ş.	İstanbul / Turkey	Information Technologies	59	15	518
Pedudi Bilişim Teknolojileri A.Ş.	Kocaeli/ Turkey	Information Technologies	50	20	560
Tam Entegre Yazılım A.Ş.	İstanbul/Turkey	Information Technologies	50	30	240
Kronnika Bilgi Teknolojileri A.Ş.	İstanbul/Turkey	Information Technologies	100	20	2.174
Vomsis Bilişim Teknolojileri A.Ş.	Bursa/Turkey	Information Technologies	67	10	708

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

9. Ownership investments (continued):

a.2) Information on consolidated associates:

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

b. Information on subsidiaries (net):

b.1) Information on consolidated subsidiaries:

As per BOD decision dated December 22, 2017 "Albaraka Kültür Sanat ve Yayıncılık A.Ş." has been established. As of June 30, 2020, the company's capital is TL 3.540 and the Parent Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

As per BOD decision dated December 24, 2018 "Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret Anonim Şirketi" has been established. As of June 30, 2020, the company's capital is TL 18.000 and the Parent Bank has 100% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

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

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

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

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

b.2) Information on consolidated subsidiaries:

i) Bereket Varlık Kiralama A.Ş. which is subject to consolidation by the Parent Bank founded on October 14, 2011, the purpose of which is to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. has been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on "Principles Related to Rent Certificates and Asset Leasing Companies" dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Turkey and other related regulations, upon BRSA's opinion dated September 22, 2011, numbered B.02.1.BDK.0.13.00.0-91.11-20564 and permission of Capital Markets Board of Turkey dated October 6, 2011 numbered 32/923. The founding capital of the Company is TL 50. As of June 30, 2020, the capital of the Company is TL 400. Bereket Varlık Kiralama A.Ş. is consolidated using full consolidation method as of June 30, 2020.

The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from reviewed financial statements as of June 30, 2020.

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

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

9. Ownership investments (continued):

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
2.985.834	516	-	-	-	9	107	-

ii) In the Board of Directors meeting dated February 25, 2015, the Parent Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş." whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. As of June 30, 2020, the capital of the company is TL 29.000. Albaraka Portföy Yönetimi A.Ş. is consolidated using full consolidation method as of June 30, 2020.

The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from reviewed financial statements as of June 30, 2020.

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

Total assets	Shareholders' equity	Total non-current assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
40.143	38.309	877	1.595	-	7.613	412	-

iii) As of June 30, 2020, not reviewed financial statements of the Parent Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" is as follows:

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
1.057.921 €	968.864 €	-	-	-	(785.640) €	(1.181.277) €	-

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

9. Ownership investments (continued):

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

iv) Movement and Sectoral Information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	23.711	11.307
Movements inside the term	-	12.404
Purchases/new incorporations/capital increases	-	12.404
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	23.711	23.711
Capital commitments	-	-
Share of the capital at the end of the period (%)	100	100

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	23.711	23.711

c) Information on investments in joint- ventures:

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

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

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

The Parent Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") – a private pension and insurance company – through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. As of June 30, 2020, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financial data from not reviewed financial statements as of June 30, 2020 are below:

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	240.165	3.151.501	3.166.338	107.558	(88.681)

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

9. Ownership investments (continued):

c.3) Information on consolidated investment funds:

The financial information of the investment funds consolidated by the Parent Bank using full consolidation method as of June 30, 2020 are as follows:

Investment Funds	Share of Parent Bank (%)	Share of Group (%)	Investment Amount of the Parent Bank or the Group	Income	Expenses	Net Profit /(Loss)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu ^(*)	91,30	91,30	365.996	16.332	11.456	4.876
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu ^(*)	94,94	94,94	374.685	10.565	5.421	5.144
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu ^(*)	89,09	89,09	300.890	12.592	13.148	(556)
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu ^(*)	100,00	100,00	263.245	3.162	2.440	722
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu ^(**)	86,94	86,94	168.423	604	2.489	(1.885)
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu ^(*)	100,00	100,00	10.000	482	200	282
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu ^(*)	0,00	100,00	7.000	27	11	16
Albaraka Portföy Yönetimi A.Ş. Katılım Hisse Senedi Fonu ^(**)	12,79	12,79	1.000	654	114	540
Albaraka Portföy Yönetimi A.Ş. Katılım Fonu ^(**)	43,19	43,19	800	256	43	213
Albaraka Portföy Yönetimi A.Ş. Altın Katılım Fonu ^(**)	18,47	18,47	1.600	1.098	38	1.060
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu ^(**)	50,89	50,89	700	53	24	29
Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu ^(**)	0,00	100,00	178.390	2.978	524	2.454

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

^(**) Relevant financial data has been obtained from not reviewed financial tables.

10. Information on tangible assets:

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

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

12. Information on investment property:

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment properties ^(*)	1.389.595	-	1.419.315	-
Total	1.389.595	-	1.419.315	-

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

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

13. Information related to deferred tax asset:

As of June 30, 2020, the Group calculated net deferred tax asset of TL 197.928 (December 31, 2019: TL 166.345) by netting off deferred tax asset of TL 272.448 (December 31, 2019: TL 229.707) and deferred tax liability of TL 74.520 (December 31, 2019: TL 63.362) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	53.052	56.241
Provisions for retirement premium and vacation pay liabilities	22.890	20.147
Difference between carrying value and tax base of tangible assets (amortization differences)	27.092	20.010
Depreciation of tangible assets	42.783	42.801
Provisions for cases on trial	4.064	3.444
Revaluation difference of financial assets measured at fair value through other comprehensive income	6	-
Provisions	34.095	24.961
Leasing profit share expenses	17.722	11.832
Other	70.744	50.271
Deferred tax asset	272.448	229.707
Revaluation difference of property	20.212	21.063
Rediscount on profit share	8.431	8.445
Right of use assets	30.008	19.710
Other	15.869	14.144
Deferred tax liability	74.520	63.362
Deferred tax asset (net)	197.928	166.345

(*) Includes tax asset amounts to TL 68.144 calculated from financial losses (December 31, 2019: TL 50.128) out of related deferred tax assets, TL 50.128 and TL 18.016 arises from 2019 and 2020 years' financial losses respectively. Since the Bank has projections on that it will acquire adequate taxable income to deduct these amounts in the coming periods, it has recognized TL 68.144 as deferred tax asset.

(**) Includes Revaluation difference of financial assets measured at fair value through other comprehensive income amounting to TL 11.617 (December 31, 2019: TL 11.298) and deferred tax liability calculated for derivative financial instruments amounting to TL 1.218 (December 31, 2019: TL 87).

14. Information on other assets:

As of the balance sheet date, the Group's other assets balance is TL 795.162 (December 31, 2019: TL 648.648) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to consolidated liabilities:

1. Information on funds collected:

a) Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts Non-Trade TL	2.495.919	-	-	-	-	-	-	-	2.495.919
II. Real Persons Participation Accounts Non-Trade TL	-	3.028.410	5.637.127	209.387	-	37.000	530.561	14.644	9.457.129
III. Current Account other-TL	2.858.789	-	-	-	-	-	-	-	2.858.789
Public Sector	38.905	-	-	-	-	-	-	-	38.905
Commercial Institutions	2.688.450	-	-	-	-	-	-	-	2.688.450
Other Institutions	103.433	-	-	-	-	-	-	-	103.433
Commercial and Other Institutions	19.385	-	-	-	-	-	-	-	19.385
Banks and Participation Banks	8.616	-	-	-	-	-	-	-	8.616
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	7	-	-	-	-	-	-	-	7
Foreign Banks	8.544	-	-	-	-	-	-	-	8.544
Participation Banks	65	-	-	-	-	-	-	-	65
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	529.065	1.744.545	222.214	-	37.574	57.129	594	2.591.121
Public Sector	-	42	91	-	-	-	-	-	133
Commercial Institutions	-	490.558	1.605.087	220.236	-	37.079	53.966	594	2.407.520
Other Institutions	-	29.657	139.031	1.978	-	495	3.163	-	174.324
Commercial and Other Institutions	-	8.808	309	-	-	-	-	-	9.117
Banks and Participation Banks	-	-	27	-	-	-	-	-	27
V. Real Persons Current Accounts Non-Trade FC	4.607.919	-	-	-	-	-	-	-	4.607.919
VI. Real Persons Participation Accounts Non-Trade FC	-	3.443.834	5.450.393	452.623	-	39.633	1.354.604	1.996	10.743.083
VII. Other Current Accounts FC	5.346.474	-	-	-	-	-	-	-	5.346.474
Residents in Turkey-Corporate	3.791.338	-	-	-	-	-	-	-	3.791.338
Residents Abroad-Corporate	1.252.135	-	-	-	-	-	-	-	1.252.135
Banks and Participation Banks	303.001	-	-	-	-	-	-	-	303.001
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	298.735	-	-	-	-	-	-	-	298.735
Participation Banks	4.266	-	-	-	-	-	-	-	4.266
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other- FC	-	637.435	2.915.477	209.338	-	15.356	14.706	899	3.793.211
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	530.888	2.178.331	109.168	-	8.151	14.649	899	2.842.086
Other institutions	-	3.991	204.225	7	-	-	-	-	208.223
Commercial and Other Institutions	-	75.500	131.838	5.399	-	-	57	-	212.794
Banks and Participation Banks	-	27.056	401.083	94.764	-	7.205	-	-	530.108
IX. Precious Metals Deposits	1.689.269	533.539	1.319.326	43.322	-	12.499	55.496	555	3.654.006
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)	16.998.370	8.172.283	17.066.868	1.136.884	-	142.062	2.012.496	18.688	45.547.651

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

1. Information on funds collected (continued):

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

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

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

b.1) Exceeding the limit of insurance fund:

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

	Under the guarantee of Insurance	Under the guarantee of Insurance	Exceeding the guarantee of Insurance	Exceeding the guarantee of Insurance
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	6.512.648	5.855.401	5.440.397	4.471.232
Foreign currency accounts	4.995.457	4.485.043	13.616.160	11.489.849
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except foreign branches) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 150 (including both capital and profit shares) for each real person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law numbered 5411.

b.2) Funds collected which are not under the guarantee of insurance fund:

Funds collected of real persons, which are not under the guarantee of insurance fund:

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	41.517	40.415
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	21.410	16.974
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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

2. Information on borrowings:

a.1) Information on types of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	2.084.526	-	978.465
Other	67.037	728.446	100.219	712.914
Total	67.037	2.812.972	100.219	1.691.379

a.2) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	67.037	75.959	100.219	252.151
Loans from foreign banks, institutions and funds	-	2.737.013	-	1.439.228
Total	67.037	2.812.972	100.219	1.691.379

a.3) Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	67.037	1.792.682	100.219	1.129.603
Medium and Long-Term	-	1.020.290	-	561.776
Total	67.037	2.812.972	100.219	1.691.379

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

The Parent Bank does not have concentration on customer or sector group providing funds (December 31, 2019: None).

3. Information on securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	2.772.230	-	2.519.419	-
Total	2.772.230	-	2.519.419	-

4. Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	303	-	504	41
Swap transactions	9.181	515	-	304
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	9.484	515	504	345

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

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

5. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	5.683	-	6.291	-
1 to 5 years	104.049	895	81.724	1.199
Over 5 years	195.009	13.839	199.740	11.706
Total	304.741	14.734	287.755	12.905

6. Information on provisions:

a) Information on provisions for employee rights:

The Group's provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 96.318 (December 31, 2019: TL 86.118), vacation pay liability amounting to TL 16.469 (December 31, 2019: TL 13.270), totalling to TL 112.787 (December 31, 2019: TL 99.388). Provisions for performance premium has not been allocated in the current period (December 31, 2019: TL 750). The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	11,70	11,70
Estimated increase rate of salary ceiling (%)	8,90	8,90

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

	Current Period	Prior Period
Prior period ending balance	86.118	62.219
Change in the period	16.456	20.565
Actuarial (gain)/loss	-	13.716
Paid during the period	(6.256)	(10.382)
Balance at the end of the period	96.318	86.118

b.) Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	14.494	11.047
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	-
Third stage expected loss provision for unindemnified letter of guarantees	3.871	3.686
Third stage expected loss provision for cheques commitments	4.041	3.883
Provision for promotions related with credit cards and promotion of banking services	219	224
Provisions for cases on trial ^(*)	33.952	15.655
Accrual for purchase and sale commitments	172	291
Other	791	772
Total	57.540	35.558

^(*)As a result of the examination of the BRSA's letter dated April 18, 2020 and numbered 24049440-010.99-E.6681, in accordance with Article 93 and Article 43 of the Banking Law ("Law") to calculate the Asset Ratio ("AR") on a weekly basis, that the monthly average of AR does not fall below 100% for deposit banks and 80% for participation banks as of the end of each month. For banks with an AR value below 100% and participation banks with an AR value below 80% as of the end of the relevant month, the amount of excess amount to be taken as a basis in accordance with subparagraph (a) of the first paragraph of the article by considering the change in denominator to meet the required ratios.

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

6. Information on provisions (continued):

With the amendment made in the clause of the first paragraph of the article 148 titled as administrative fines due to acts contrary to the restrictions, decisions and regulations of the Banking Law No.5411 and the Law No. 7222 published in the Official Gazette dated February 25, 2020, it is ensured that an administrative fine of up to 5% of the amount constituting the contradiction will be imposed.

Due to the fact that the Parent Bank's asset ratio remained below the rate determined as 80% for participation banks, it was decided by the BRSA to impose an administrative fine of TL 20,638 to the Bank for the related non-compliance. Since the administrative fine will be paid using a 25% prepayment discount in accordance with the relevant legislation, without prejudice to its legal rights, a provision of TL 15,479 has been allocated in the financial statements dated June 30, 2020 within the scope of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

As of June 30, 2020, provision for foreign exchange losses on foreign currency indexed loans and lease receivables amounting to TL 4 (December 31, 2019: TL 901) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

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

7. Information on taxes payable:

a) Explanations on current tax liability:

a.1) Explanations on tax provisions:

As of June 30, 2020, the Group's corporate tax payable is TL 5.950 (December 31, 2019: TL 5.586) after offsetting prepaid corporate tax.

a.2) Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	5.950	5.586
Banking insurance transaction tax	14.801	14.130
Taxation on securities income	16.429	24.408
Value added tax payable	1.278	1.872
Taxation on real estate income	1.306	1.230
Foreign exchange transaction tax	7.066	2.274
Income tax deducted from wages	8.944	10.442
Other	1.280	1.967
Total	57.054	61.909

a.3) Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	5.770	5.520
Social security premiums-employer	6.335	5.994
Bank pension fund premium-employee	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	410	392
Unemployment insurance-employer	821	785
Other	-	-
Total	13.336	12.691

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

None (December 31, 2019: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II	-	1.596.685	-	1.375.164
Subordinated loans	-	1.596.685	-	1.375.164
Subordinated debt instruments	-	-	-	-
Total	-	1.596.685	-	1.375.164

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

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

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

None (December 31, 2019: None).

11. Information on shareholders' equity:

a) Presentation of paid-in capital:

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

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

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

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

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

As of December 31, 2019, the Parent Bank has completed capital increase through right issues and since the new capital had not been registered as of the related date, the increased amount TL 450.000 was represented under other capital reserves in equity. In 2020, following the registration, related amount has been transferred from other capital reserves to paid in capital.

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

Capital increase through right issues amounts to TL 450.000 has been transferred from other capital reserves to paid in capital in 2020. The amount had been realized but not registered as of December 31, 2019.

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

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

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

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

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

There is no privilege given to stocks representing the capital.

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

11. Information on shareholders' equity (continued):

g) Information on marketable securities valuation reserve:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference (*)	10.585	28.837	3.499	36.033
Foreign exchange difference	-	-	-	-
Total	10.585	28.837	3.499	36.033

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

ğ) Information on other capital reserves:

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

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

h) Information on minority shares:

As of June 30, 2020, minority shares calculated for full-consolidated uncontrolled shares amount to TL 158.257 (December 31, 2019: TL 157.436).

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

1. Explanations on consolidated off-balance sheet:

a) Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	898.423	769.342
Payment commitments for cheques	638.140	631.606
Asset purchase and sale commitments	357.461	437.404
Loan granting commitments	286.592	262.517
Tax and funds liabilities arising from export commitments	11.553	10.381
Commitments for promotions related with credit cards and banking activities	368	335
Other irrevocable commitments	545	528
Total	2.193.082	2.112.113

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

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

	Current Period	Prior Period
Letters of guarantees	8.635.710	8.718.394
Bank loans	59.299	14.463
Letters of credit	1.519.308	1.329.920
Other guaranties and sureties	223.266	368.661
Total	10.437.583	10.431.438

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

	Current Period	Prior Period
Letters of guarantees	8.635.710	8.718.394
Long standing letters of guarantees	5.565.117	5.448.790
Temporary letters of guarantees	341.261	371.560
Advance letters of guarantees	355.525	362.686
Letters of guarantees given to customs	412.142	366.118
Letters of guarantees given for obtaining cash loans	1.961.665	2.169.240
Sureties and similar transactions	223.266	368.661
Total	8.858.976	9.087.055

c) Within the non-cash loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.961.665	2.169.240
With original maturity of 1 year or less	496.514	555.521
With original maturity of more than 1 year	1.465.151	1.613.719
Other non-cash loans	8.475.918	8.262.198
Total	10.437.583	10.431.438

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

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

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

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

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

2. Explanations on derivative transactions:

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

3. Explanations on contingent assets and liabilities:

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

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

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

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

1. Information on profit share income:

a) Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans^(*)				
Short Term Loans	200.142	59.388	266.302	75.799
Medium and Long-Term Loans	697.146	373.507	758.556 ^(**)	271.727
Profit Share on Non-Performing Loans	74.395	4.306	83.020	1.219
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	971.683	437.201	1.107.878	348.745

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

^(**) Total TL 86.325 is the accrued profit from profit and loss investments and TL 70.609 of this profit is fair value profit.

b) Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	3.508	-	15.556	21.509
Domestic Banks	119	387	334	1.225
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	3.627	387	15.890	22.734

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	26.452	15.208	673	1.319
Financial Assets Measured at Fair Value through Other Comprehensive Income	41.134	39.458	48.149	27.418
Financial Assets Measured at Amortised Cost	50.726	36.667	42.343	4.355
Total	118.312	91.333	91.165	33.092

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

None (June 30, 2019: None).

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

2. Explanations on profit share expenses:

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

Current Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	-	2	-	-	-	-	-	2	
Real persons' non-trading profit sharing accounts	117.957	224.993	9.532	-	1.677	22.643	638	377.440	
Public sector profit sharing accounts	2	3	-	-	-	-	-	5	
Commercial sector profit sharing accounts	15.492	72.929	4.990	-	2.411	2.602	15	98.439	
Other institutions profit sharing accounts	1.222	6.296	106	-	22	140	-	7.786	
Total	134.673	304.223	14.628	-	4.110	25.385	653	483.672	
FC									
Banks	645	2.425	1.721	-	24	-	-	4.815	
Real persons' non-trading profit sharing accounts	16.702	26.699	2.648	-	218	9.165	7	55.439	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	2.769	8.845	463	-	39	120	3	12.239	
Other institutions profit sharing accounts	334	1.478	92	-	-	-	-	1.904	
Precious metals deposits	280	912	26	-	13	60	-	1.291	
Total	20.730	40.359	4.950	-	294	9.345	10	75.688	
Grand total	155.403	344.582	19.578	-	4.404	34.730	663	559.360	
Prior Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	89	221	-	-	-	-	-	310	
Real persons' non-trading profit sharing accounts	167.442	284.124	10.436	-	1.950	33.919	868	498.739	
Public sector profit sharing accounts	5	23	-	-	-	-	-	28	
Commercial sector profit sharing accounts	18.233	113.684	20.643	-	3.713	8.215	2	164.490	
Other institutions profit sharing accounts	1.285	15.577	1.403	-	728	449	-	19.442	
Total	187.054	413.629	32.482	-	6.391	42.583	870	683.009	
FC									
Banks	2.594	8.679	1.135	-	-	-	-	12.408	
Real persons' non-trading profit sharing accounts	31.498	56.751	4.050	-	362	10.101	4	102.766	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	4.059	19.381	1.046	-	122	182	1	24.791	
Other institutions profit sharing accounts	244	2.535	80	-	-	1	-	2.860	
Precious metals deposits	209	1.328	53	-	59	163	7	1.819	
Total	38.604	88.674	6.364	-	543	10.447	12	144.644	
Grand total	225.658	502.303	38.846	-	6.934	53.030	882	827.653	

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	18	27.556	2.379	32.039
CBRT	-	-	-	-
Domestic banks	-	1.986	-	3.241
Foreign banks	18	25.570	2.379	28.798
Head offices and branches abroad	-	-	-	-
Other institutions	4.440	91.776	4.690	80.486
Total	4.458	119.332	7.069	112.525

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	295	-	1.163	69
Total	295	-	1.163	69

ç) Profit share expenses paid to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expenses paid to marketable securities issued	121.970	-	199.581	58.031
Total	121.970	-	199.581	58.031

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		23.674	39.651
Clearing room fees and commissions		16.757	29.334
Commissions on money orders		12.537	8.192
Appraisal fees		7.757	4.091
Insurance and brokerage commissions		11.097	10.319
Checks and bills commissions		1.650	1.685
Safe deposit box commissions		1.196	1.022
Advocacy service commissions		2	1.987
Service pack commissions		3.612	8.698
Enquiry fees received		728	1.354
Fees and commissions from correspondent banks		1.308	1.282
Export credit commissions		2.588	1.222
Prepaid import commissions		8.330	5.539
Pledge Put and Mortgage Release Fees		1.964	793
Other		19.638	16.678
Total		112.838	131.847
Other Fees and Commissions Paid		Current Period	Prior Period
Funds borrowed fees and commissions		3.836	9.636
Credit cards fees and commissions		10.497	9.436
Member firm-POS fees and commissions		14.450	14.397
Fees and commissions for Swift, EFT and money orders		9.086	9.636
Required Reserves Commissions for CBRT in Foreign currency		28.922	-
Other		10.193	4.567
Total		76.984	47.672

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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)	-	-	-	-
Financial Assets Measured at Fair Value through Other	-	-	-	-
Comprehensive Income (FVOCI)	-	-	2.762	-
Other	-	-	-	-
Total	-	-	2.762	-

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

	Current Period	Prior Period
Income	7.563.720	4.786.486
Income from capital market transactions	15.002	24.626
Income from derivative financial instruments	89.992	53.046
Foreign exchange income	7.458.726	4.708.814
Loss (-)	7.504.771	4.686.832
Loss on capital market transactions	5.125	1.248
Loss on derivative financial instruments	64.737	99.937
Foreign exchange losses	7.434.909	4.585.647
Trading Income/Loss (net)	58.949	99.654

6. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	113.838	341.427
Income from sale of assets	15.960	15.068
Communication income	6.637	4.969
Reversal of vacation pay expenses provision	-	-
Cheque book charges	984	875
Operating Lease Income	1.659	-
Real estate revaluation income ^(*)	12.405	55.998
Real estate rental income ^(*)	6.496	8.844
Real estate sales income ^(*)	12.194	6.180
Other income	7.707	25.063 ^(**)
Total	177.880	458.424

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

^(**) The balance includes TL 12.562 income arising from derivative's accounting and subjection to corporate income tax in the prior periods (this amount is deducted from banking and insurance transaction payable tax), TL 1.520 is the income deducted from banking and insurance transaction payable tax related to investment allowances.

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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	341.775	352.141
12 month expected credit loss (stage 1)	88.738	87.872
Significant increase in credit risk (stage 2)	31.531	18.296
Non-performing loans (stage 3)	221.506	245.973
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 (*)	19.481	50.420
Total	361.256	402.561

Expected credit losses amount to TL 361.256 (June 30, 2019: TL 402.561) includes TL 163.276 (June 30, 2019: TL 191.542) 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	3.617	3.740
Third stage expected loss provision for unindemnified non- cash loans	346	2.278
Expected credit losses (stage 1) for banks	15.374	-
Profit and loss sharing investments' fair value provision	-	44.402
Expected credit losses (stage 1) for other financial assets	144	-
Provision for expected losses for securities measured at amortized cost	-	-
Total	19.481	50.420

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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	10.200	9.004
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	54.574	48.791
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	9.822	9.138
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	-	-
Other business expenses	83.422	69.653
Leasing Expenses on TFRS 16 Exceptions	1.276	2.506
Maintenance and repair expenses	14.978	7.988
Advertisement expenses	3.979	5.223
Other expenses ^(*)	63.189	53.936
Loss on sale of assets	1.150	320
Other ^(**)	131.148	98.651
Total	290.316	235.557

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

	Current Period	Prior Period
Communication Expenses	13.522	12.181
Donations	11.680	6.156
Cleaning expenses	11.522	9.206
Heating, lighting and water expenses	8.190	6.922
Representation and Hosting expenses	2.817	3.886
Vehicle expenses	2.376	3.215
Lawsuit and court expenses	1.006	981
Movables Insurance Expenses	2.011	1.611
Stationery Expenses	1.450	1.394
Expense Share for Common Expenses	1.378	1.262
Group transportation costs	3.160	3.034
Other	4.077	4.088
Total	63.189	53.936

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	51.368	31.577
Taxes, Duties, Charges and Funds	28.796	24.463
Expertise and Information Expenses	10.302	3.764
Audit and Consultancy Fees	4.071	9.060
Institution and Union Participation Share Expense	7.563	6.941
Residence Expenses ^(*)	13.152	3.802
Shopping Mall expenses ^(*)	6.452	9.338
Other	9.444	9.706
Total	131.148	98.651

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

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

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

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

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

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

As of June 30, 2020, the Parent Bank has deferred tax income of TL 77.775 (June 30, 2019: TL 120.322) and deferred tax expense of TL 101.818 (June 30, 2019: TL 134.966). The current tax provision is TL 2.162 (June 30, 2019: TL 1.854).

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

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

12. Explanations on net income/loss:

a) The nature and amount of certain income and expense items from ordinary operations; if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Parent Bank's performance for the period:

None.

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

None.

c) Income/loss of minority shares:

	Current Period	Prior Period
Net profit/(loss) of minority shares	1.847	3.277

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

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

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

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

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

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

a) Current period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
Loans						
Balance at the beginning of the period	-	5	115.515	24.405	43	-
Balance at the end of the period	4	5	751.859	14.153	15	-
Profit share and commission income received	-	-	23.696	120	-	-

b) Prior period:

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	1	5	173.457	32.410	19	-
Balance at end of period	-	5	115.515	24.405	43	-
Profit share and commission income received	-	-	3.049	81	-	-

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

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

Risk Group of the Parent Bank ^(*)	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect Shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	13.955	19.653	831.442	604.631	11.073	7.106
Balance at the end of period	7.651	13.955	207.090	831.442	14.308	11.073
Profit share expense	263	2.151	2.451	4.295	149	171

^(*) As of June 30, 2020 wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 49.030.701 and EUR 145.951.563 (December 31, 2019: USD 34.002.557 and EUR 65.082.069). The profit share expense relating to such borrowings for the period between January 1, 2019 – June 30, 2020 is TL 2.894 (June 30, 2019: TL 6.988). The Parent Bank has issued Sukuk in the amounts of TL 2.960.000 through "Bereket Varlık Kiralama A.Ş." which exists in the risk group of the Parent Bank. The total expenses for the related issues are TL 121.970 as of June 30, 2020 (June 30, 2019: TL 257.612).

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

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

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

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

As of June 30, 2020, the Group has paid TL 8.822 (June 30, 2019: TL 8.104) to top management.

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

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

IX. Explanations related to subsequent events:

According to the decision of the BRSA dated 10 August 2020 and numbered 9125, changes were made in the Asset Ratio (AR) calculation and the AR liability was regulated as 95% for deposit banks and 75% for participation banks as of August 1, 2020.

X. Other Explanations

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

None.

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SECTION SIX

Limited review report

I. Explanations on limited review report:

The Group's consolidated financial statements as of and for the period ended June 30, 2020 have been reviewed by "Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş." (the member of the Ernst & Young Global Ltd.) and the limited review report dated August 13, 2020 is presented at the beginning of the financial statements and related notes.

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

None.

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SECTION SEVEN

Information on Interim Report

I. General Information

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

Albaraka Türk Participation Bank, the first and the leading financial institution in interest free banking field in Turkey, has completed its establishment in 1984 and entered into service as of the beginning of the year of 1985. Albaraka Türk is continuing its activities subject to the Banking Law No. 5411. In the partnership structure of Albaraka Banking Group (ABG), one of the leading groups of Middle East, Islamic Development Bank (IDB) and Albaraka Türk, established under the leadership of a domestic industrial group serving to Turkish economy for more than a half century, share of the foreign partners is 62,24%, share of the domestic partners is 2,92% and publicly held share is 34,84%. Partnership structure of Albaraka Türk is the guarantee of the respect and trust we bear.

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

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

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

2. Capital and Shareholders' Structure:

Albaraka Türk's paid-up capital is TL 1.350.000 as of June 30, 2020.

Shareholders' Structure of Albaraka Türk as of June 30, 2020		
	Share amount (TL)	Ratio (%)
Foreign Shareholders	840.263	62,24
Albaraka Banking Group	489.961	36,29
Islamic Development Bank	207.585	15,38
Alharthy Family	105.861	7,84
Others	36.856	2,73
Local Shareholders	39.421	2,92
Publicly Listed	470.316	34,84
Total	1.350.000	100,00

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Information on Interim Report (continued):

3. The amendments in the articles of association during period of January 1, 2020 - June 30, 2020

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

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

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Information on Interim Report (continued):

4. Branch and Personnel Information:

As of June 30, 2020, total number of branches of the Bank is 229 and the total number of personnel is 3.680. Albaraka Türk carries out its activities with 227 domestic branches extended throughout the country and 2 branch abroad in Erbil and Baghdad.

5. Board of Directors Chairman and Members:

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

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

6. Top Management:

Name and Surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Melikşah UTKU	Member of BOD and CEO	Master	2016	16
Turgut SİMİTÇİOĞLU	Senior Assistant General Manager	Master	2017	30
Süleyman ÇELİK	Assistant General Manager	Bachelor	2017	31
Fatih BOZ	Assistant General Manager	Master	2017	22
Hasan ALTUNDAĞ	Assistant General Manager	Bachelor	2017	33
Malek Khodr TEMSAH	Assistant General Manager	Master	2017	17
Mustafa ÇETİN	Assistant General Manager	Bachelor	2018	23
Volkan EVCİL	Assistant General Manager	Bachelor	2017	30
Mehmet Fatih YORULMAZ	Assistant General Manager	Master	2020	3
Yasemin AYDIN	Director	Master	2020	18
Mehmet ULUDAĞ	Director	Master	2020	16

(*) At the Board of Directors meeting held on 03.07.2020, it was decided to appoint Mehmet Fatih Yorulmaz as Assistant General Manager, Yasemin Aydın and Mehmet Uludağ as Director

7. Managers of Departments within Internal Systems

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

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Information on Interim Report (continued):

8. Committee Information After Distribution of Roles Among BOD:

AUDIT COMMITTEE	
Chairman:	Mustafa BÜYÜKABACI
Member:	Mehmet Ali GÖKCE
Member:	Mohamed Ali CHATTI
CREDIT COMMITTEE:	
Chairman:	Adnan Ahmed Yusuf ABDULMALEK
Member:	Süleyman KALKAN
Member:	Prof. Dr. Kemal VAROL
Member:	Melikşah UTKU
Reserve Member:	Mohamed Ali CHATTI
CORPORATE GOVERNANCE COMMITTEE:	
Chairman:	Süleyman KALKAN
Member:	Ibrahim Fayez Humaid ALSHAMSI
Member:	Mansur ÇELEPKOLU
REMUNERATION COMMITTEE:	
Chairman:	Adnan Ahmed Yusuf ABDULMALEK
Member:	Mustafa BÜYÜKABACI
Member:	Melikşah UTKU
SUSTAINABILITY AND SOCIAL RESPONSIBILITY COMMITTEE:	
Chairman:	Mehmet Ali GÖKCE
Member:	Ibrahim Fayez Humaid ALSHAMSI
EXECUTIVE COMMITTEE:	
Chairman:	Adnan Ahmed Yusuf ABDULMALEK
Vice Chairman:	Süleyman KALKAN
Member:	Mustafa BÜYÜKABACI
Member:	Mehmet Ali GÖKCE
Member:	Kemal VAROL
Member:	Melikşah UTKU
INFORMATION TECHNOLOGIES GOVERNANCE COMMITTEE	
Chairman:	Melikşah UTKU
Member:	Hood Hashem Ahmed HASHEM

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Information on Interim Report (continued):

II. Banks Financial Information and Evaluations:

1. Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	7.253.870	8.795.909
Banks	3.535.871	4.194.547
Government Securities (Sukuk) (Net)	8.402.542	4.433.230
Loans and Receivables	37.113.138	30.637.193
Financial Leasing Receivables	262.866	243.678
Others	2.990.876	3.171.411
TOTAL ASSETS	59.559.163	51.475.968
LIABILITIES	Current Period	Prior Period
Funds Collected	45.547.651	39.739.200
Funds Borrowed	2.880.009	1.791.598
Securities Issued (Net)	2.772.230	2.519.419
Subordinated Loans	1.596.685	1.375.164
Shareholders' Equity	4.122.344	4.031.266
Others	2.640.244	2.019.321
TOTAL LIABILITIES	59.559.163	51.475.968
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	1.631.820	1.652.102
Profit Share Expense	851.983	1.309.068
Net Profit Share Income/Expenses	779.837	343.034
Net Fees and Commissions Income/Expenses	100.139	146.910
Trading Income/Loss (Net)	58.949	99.654
Other Operating Income	177.880	458.424
Net Operating Income/ (Losses)	89.452	75.325
Tax Provision For Continued Operations (-+)	26.205	16.498
NET PROFIT/LOSSES	72.973	66.320
Earnings Per Share (Full TL)	0,05	0,07

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Information on Interim Report (continued):

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

Dear Precious Stakeholders,

The world economy has inherited the effects of Brexit, trade wars, turmoil in France, and weak public finances in Europe from 2019 to 2020. The coronavirus pandemic, which has started to spread from China since the beginning of 2020, has increased uncertainty. The number of cases has reached 15 million worldwide as of July. Countries have applied quarantine due to the pandemic effect and have experienced serious economic difficulties. Economies were almost locked in March, April and May due to the pandemic. After the period when normalization steps were taken in June, the expectation of "V" shape growth in the world has gained weight. Expansions in monetary policies and supports in fiscal policies played an important role in the period of high uncertainty. However, with the decrease in uncertainty, the measures taken have slowed down and the risk appetite has increased. The stock markets have entered an upward trend and approached the year beginning levels. While the most important risk in the markets is seen as the second wave, even if there is no vaccine, the second wave is not expected to create a negative situation like the beginning. Also, it is thought that the fact that the cases did not increase in the normalization process had a positive effect on the markets. On the other hand, the biggest decline in the pandemic process due to quarantine realized on the real sector. While a serious increase started in the indices such as industrial production, capacity utilization rate and PMI in June, this increase continued in July. While the manufacturing industry tended to recover relatively, the service sector started to operate relatively slowly.

Global central banks have announced expansion moves from the very first moment of the pandemic. While the Fed promised unlimited purchases, the ECB announced a high-amount asset purchase program. Other central banks also increased their balance sheets while reducing interest rates. With the decrease in interest rates, while the costs decreased, the deterioration of supply chains prevented the market from moving normally. Domestic inflation, which is expected to decline in February under normal circumstances, has entered an upward trend for these reasons. Domestic inflation, which is expected to decline in February under normal circumstances, has entered an upward trend for these reasons. The double-digit inflation in June was suppressed by commodity prices in international markets and increased because of increasing costs due to food inflation and disruption of supply chains. While this increase in inflation expectations also narrowed the maneuver area of the CBRT; CBRT is expected not to cut the interest rates for the rest of the year throughout the market. As a matter of fact, the policy rate was kept at 8.25 and the discount cycle was interrupted at the meeting in July.

The most important domestic risk that stands out similar to abroad is the course of the epidemic. Turkey has entered a recovery process along with normalization in June, and this is reflected in leading indicators. Both leading indicators such as capacity utilization rate and real sector confidence index should and PMI data indicate a rapid acceleration in the recovery of the economy of Turkey. In the short term, controlling the pandemic at a certain level and Turkey's quite successful fight against pandemic support this momentum. Although this recovery may be interrupted by the possibility of a second wave in the epidemic, a recession is not expected at the level experienced in Q2 2020. On the other hand, decline in energy and oil demand due to the coronavirus has created a pullback in energy price which constitutes a significant part of current account deficit and production costs and this coronavirus aspect has created the potential to affect in a positive sense in Turkey's growth. However, the recession in Turkey's tourism sector will negatively affect both the current account deficit and the growth

Albaraka Türk has demonstrated that the working principles of participation banking have a durable structure compared to traditional banking in the light of all market developments during this difficult period. The importance of economic activities that add value in times of crisis has been better understood. Albaraka Turk also have to contribute to Turkey's economy and the real sector and has used its power in this direction. Our Bank, which never supports its support to SMEs in particular, will also support activities that will support production and contribute positively to the country. In addition, our Bank has prioritized the customer experience and gained important experiences in digitalization during the pandemic process. In this sense, it will continue its digitalization investments and prepare for the world of the future. Albaraka Turk as we are, Turkey's first and leading participation bank, our management team professionalization every day and responsibility of being young and we have dynamic human resources and our own increasing energy required for our organized to grow as 35 years, our customers' financial needs will continue to respond in every field.

We, as Albaraka Turk, shall continue to meet financial needs of our customers as it has been in 33years by increasing the energy needed for our growth with our management team professionalizing more every passing day with the awareness and responsibility of being the first and pioneer Participation Bank of Turkey, our young and dynamic human resource and the organization we have. Our Bank, as it was yesterday, will continue to take firm steps today and tomorrow by expanding its activities with the motto "There Is More" in line with its vision of "Becoming the Best Participation Bank in the World".

Our Bank shall continue to be a pioneer in the sector with its employees and stakeholders; and shall serve for sustainable growth and development also in the forthcoming periods. Hereby, I'd like to take this opportunity to thank my colleagues, our customers, shareholders and all our stakeholders for their contribution in our success.

Respectfully Yours,

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

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Information on Interim Report (continued):

3. Message from the CEO

Dear Precious Stakeholders,

The coronavirus effects that emerged in the first quarter of 2020 deeply affected social and economic life in the second quarter. In the past quarter, both the supply and demand sides have been affected by the curfews stemming from Covid-19 and economic activities have come to a halt. The incentive packages commissioned by governments and central banks around the world are aimed at reducing the destructive effects of the coronavirus through expansionary steps in both monetary and financial policies.

As of June, when the normalization process started in our country, economic activities are reviving. As Albaraka Türk, with the awareness of our responsibility, we continue to contribute to the normalization process by responding quickly to the needs of the real sector. In the quarter we left behind, we continued to meet the demands of our commercial customers to shift their financing installments, increased their limits and supported them with the SME Support Package. Thanks to our technological infrastructure, we continued to provide uninterrupted service to our customers by enabling our headquarters and branch staff to continue their work from anywhere with remote access.

According to our six-month consolidated financial results, the total assets of our Bank increased by 15,70 % compared to the end of the previous year and reached TL 59.559.163.. In the same period, our total loan portfolio increased by 21% to TL 37.376.004. Funds collected through profit and loss participation accounts and private current accounts increased by 14,62% compared to the end of 2019 and reached TL 45.547.651. As of June 30, 2020, our Bank's net profit was TL 72.973, with an increase of 10,03% compared to the same period of the previous year.

The importance of digital products and services emerged once again during the pandemic process. As Albaraka Türk, we continue to support the Entrepreneurship ecosystem with our incubation center and Venture Capital Investment Funds by reacting to this global crisis promptly and decisively. We continue to work with the aim of offering all physical branch services in end-to-end digital environments by investing in the digital banking of the future by catching the developments in the rapidly changing and renewed finance world. We continue to be the leader of the Open Banking in Turkey by Albaraka API Program.

Albaraka Garaj, which supports the entrepreneurs with financial technology-based business ideas and projects by offering incubation and acceleration opportunities, now continues with the 3rd Term 14 initiatives. We received more than 2200 applications in the first 3 periods and supported 39 initiatives in Albaraka Garage. With the projects we have implemented, we have achieved significant gains for both our customers and our employees. Like Alneo and insha, Albaraka's own fintechproducts were brought to life with the culture and accumulation gained from Albaraka Garage.

We received more than 2200 applications in the first 3 periods and supported 39 initiatives in Albaraka Garage. With the projects we have implemented with initiatives, we have achieved significant gains for both our customers and our employees. Like Alneo and insha, Albaraka's own fintech products were brought to life with the culture and accumulation gained from Albaraka Garage, and these fintechs achieved significant success in their fields.

As Albaraka Türk, we continue to expand our investor base while successfully facilitating our access to fund resources by successfully implementing investment banking practices despite all the negativities in the markets. In line with our strategic plans, we reach a wide range of investors through investment banking practices. In this regard, we encountered a higher than expected demand for domestic lease certificate issuances for public offering and qualified investors of our bank and issued a lease certificate (Sukuk) amounting to TL 5.350.000.

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

With the projects and progresses we have performed in accordance with the goal of "Being the Best Participation Bank of the World" we are continuing to show efforts to offer the best banking experience to our customers. As Albaraka Turk, with all our activities we have developed and increased in every field, we will continue our efforts diligently and devotedly in order for the participation banking in our country to reach its 2023 targets.

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

Respectfully Yours,

Melikşah UTKU
Board Member and CEO

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Information on Interim Report (continued):

4. Activities in the Second Quarter of 2020:

- In the first half of 2020, our total assets have actualized as TL 59.559.163.
- In the first half of 2020, the consolidated funds our Bank has collected through "Special Current Accounts" and "Participation to Profit and Loss Accounts" has been TL 45.547.651 as of June 30, 2020.
- Participation accounts in the first half of 2020 has been TL 28.549.281. Our Bank's Fund Collecting Activities are carried out through our branches, our bank's branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
TL Funds	17.402.958	2.544.664	14.672.926	2.475.190	18,61	2,81
Current Accounts	5.354.708	782.966	4.198.929	708.321	27,53	10,54
Participation Accounts	12.048.250	1.761.698	10.473.997	1.766.869	15,03	(0,29)
FC Funds	28.144.693	4.115.323	25.066.274	4.228.454	12,28	(2,68)
Current Accounts	11.643.662	1.702.539	9.696.065	1.635.639	20,09	4,09
Participation Accounts	16.501.031	2.412.784	15.370.209	2.592.815	7,36	(6,94)
TOTAL	45.547.651	6.659.987	39.739.200	6.703.644	14,62	(0,65)

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits (*)	34.981.826	5.115.050	28.659.148	4.834.539	22,06	5,80
Non-performing Loans	2.394.178	350.077	2.221.723	374.785	7,76	(6,59)
Provisions (Stage III)	(1.158.206)	(169.353)	(946.631)	(159.688)	22,35	6,05
TOTAL	36.217.798	5.295.774	29.934.240	5.049.636	20,99	4,87

(*) Financial Leasing Receivables included.

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

Balance Sheet Period	USD/TL
As of June 30, 2020	6,839
As of December 31, 2019	5,928

5. Evaluation on Financial Status, Profitability and Solvency:

- Our operating income has been TL 1.116.805.
- Our net profit share income has been TL 779.837, increasing by 127,34%, and, net fees and commission revenues have been TL 100.139.
- Our net profit has been TL 72.973 for the first 6 months of the year.
- As of June 30, 2020, our capital adequacy ratio is actualized as 16,17 %, over the minimum ratio.

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Information on Interim Report (continued):

6. Announcements regarding important developments during January 1, 2020 - June 30, 2020 period:

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

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Information on Interim Report (continued):

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

AGENDA:

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

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

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

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Information on Interim Report (continued):

- In the General Assembly Meeting held on 26.03.2020, it was decided to determine the number of members of the board of directors as 11, including the General Manager, who is the natural member of the board of directors and the term of the elected board members as 3 years. Apart from the General Manager, who is the natural member of the board of directors, 10 members of the board of directors, Mr. Adnan Ahmed Yusuf Abdulmalek, Mr. Mustafa Büyükbacı, Mr. İbrahim Fayez Humaid Alshamsi, Mr. Kemal Varol, Mr. Süleyman Kalkan, Mr. Mohamed Ali Chatti, Mr. Mehmet Ali Gökce, Mr. Housseem Ben Haj Amor, Mr. Tawfig Shaker M. Mutfi, Mr. Ghassan Ahmed M. Amodi were appointed as board member. From these Members; Mr. Süleyman Kalkan, Mr. Mohamed Ali Chatti, Mr. Mehmet Ali Gökce and Mr. Ghassan Ahmed M. Amodi were appointed as independent board members.
- At the General Assembly Meeting held on 26.03.2020, Güney Bağımsız Denetim ve SMMM A.Ş. was selected as an independent audit firm/auditor.
- The registration process of the decisions of the Ordinary General Assembly Meeting held on 26 March 2020 has been completed by the Istanbul Chamber of Commerce on 8 April 2020.
- In the report of National Investors Rating dated 05/06/2020, our Bank's CMB Corporate Governance Principles Compliance Rating Score was determined as 9,09.
- Within the frame of the Buyback Program accepted at the Ordinary General Assembly Meeting held on 25.03.2015. A total of 9,211,341 sales of the repurchased Albaraka Türk Katılım Bankası A.Ş.'s shares in the price range of 1.58-1.60 were carried out by our partnership. With this transaction, our company's share in Albaraka Türk Katılım Bankası A.Ş. capital decreased to 0.00%.
- The National Investor Services Rating company has affirmed our Bank's National Credit Rating as A+(tr)/A1(tr) and the outlook as Stable.
- Islamic International Rating Agency (IIRA) has affirmed our Bank's International Foreign Currency Credit Rating at BB+/A3, the International Local Currency Credit Rating at BBB-/A3 and the outlook as negative.
- The issues that took place during the period **January 1, 2020 - June 30, 2020** were announced to the public and uploaded to the Public Disclosure Platform as notifications. All of these announcements are shared in the Investor Relations section of the Albaraka Türk website.

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