

# **Albaraka Türk Katılım Bankası Anonim Şirketi**

**Consolidated financial statements  
and related disclosures at June 30, 2021  
together with limited review report**

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

**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, 2021 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 this 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, 2021, 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.



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#### **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  
Partner

August 19, 2021  
İstanbul, Turkey

**CONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.  
AS OF AND FOR THE SIX MONTH ENDED JUNE 30, 2021**

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

The consolidated 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. Kısa Vadeli Katılım Serbest Fonu	Katılım Emeklilik ve Hayat A.Ş.	-
2.	Değer Varlık Kiralama A.Ş.	Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Kıra Sertifikaları Katılım Fonu	-	-
3.	Albaraka Portföy Yönetimi A.Ş.	Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu	-	-	-
4.	Insha Gmbh	Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu	-	-	-
5.	-	Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu	Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu	-	-	-

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

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

<b>Mazin Khairy Shaker MANNA</b> Chairman of the Board of Directors	<b>Melikşah UTKU</b> General Manager	<b>Mustafa ÇETİN</b> Assistant General Manager	<b>Kemaleddin DİLBAZ</b> Financial Reporting Manager
<b>Mustafa BÜYÜKABACI</b> Chairman of the Audit Committee	<b>Mehmet Ali GÖKCE</b> Member of the Audit Committee	<b>Houssem BEN HAJ AMOR</b> Member of the Audit Committee	

Contact information of the personnel in charge of the addressing of questions about this financial report:  
Name-Surname/Title : Bora ŞİMŞEK / Financial Reporting / Vice Manager  
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**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

**SECTION ONE**

**General Information**

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

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

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

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

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

The Parent Bank's head office is located in Istanbul and is operating through 228 (December 31, 2020: 228) local branches and 2 (December 31, 2020: 2) foreign branches and with 3.316 (December 31, 2020: 3.390) staff as of June 30, 2021. The Group has 3.344 (December 31, 2020: 3.415) staff as of June 30, 2021.

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

As of June 30, 2021, 36,29% (December 31, 2020: 36,29%) of the Parent Bank's shares are owned by Albaraka Banking Group, 15,38% (December 31, 2020: 15,38%) owned by Dallah Albaraka Group, 7,84% (December 31, 2020: 7,84%) owned by Islamic Development Bank, 36,90% (December 31, 2020: 36,81%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.



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

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

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

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

Chairman and members of BOD, members of audit committee, general manager and assistant general managers own 0,0000% of the Parent Bank's share capital (December 31, 2020: 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:

<b>Name/Commercial Name</b>	<b>Share amount (nominal)</b>	<b>Share ratio<sup>(*)</sup></b>	<b>Paid shares</b>	<b>Unpaid shares</b>
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, 2021**

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

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

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

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

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

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

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

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

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

Albaraka Kültür Sanat ve Yayıncılık A.Ş., Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. and Insha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş. which are the subsidiaries of "Inovasyon Girişim Sermayesi Yatırım Fonu" and Natura Gıda Sanayi ve Ticaret A.Ş., which is an subsidiary of "Değer Girişim Sermayesi Yatırım Fonu" controlled by the Parent Bank, have not been consolidated since they are non-financial subsidiaries. The Parent Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş. and Insha Gmbh, the subsidiaries of the Parent Bank, through equity method and full consolidation method, respectively.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2021**

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

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

Real Estate Investment Funds; "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds; "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu" and other investment funds controlled by the Parent Bank along with Bereket One Ltd, and Albaraka Sukuk Ltd, which are not subsidiaries of the Parent Bank but over which the Parent Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity".

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

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

## **SECTION TWO**

### **The consolidated financial statements**

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

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

ASSETS	Notes (Section Five-I)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2021			December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>3.778.420</b>	<b>21.341.818</b>	<b>25.120.238</b>	<b>3.610.559</b>	<b>18.080.122</b>	<b>21.690.681</b>
<b>1.1 Cash and Cash Equivalents</b>	<b>(1)</b>	<b>2.377.142</b>	<b>16.363.778</b>	<b>18.740.920</b>	<b>2.117.138</b>	<b>14.507.009</b>	<b>16.624.147</b>
1.1.1 Cash and Balances with Central Bank		1.215.864	14.088.703	15.304.567	1.371.053	11.873.379	13.244.432
1.1.2 Banks		1.192.088	2.280.810	3.472.898	781.048	2.634.093	3.415.141
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		30.810	5.735	36.545	34.963	463	35.426
<b>1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>	<b>(2)</b>	<b>715.002</b>	<b>4.712.917</b>	<b>5.427.919</b>	<b>724.424</b>	<b>3.257.849</b>	<b>3.982.273</b>
1.2.1 Government Securities		625.172	4.685.591	5.310.763	552.653	3.236.130	3.788.783
1.2.2 Equity Securities		18.466	13.540	32.006	12.921	10.774	23.695
1.2.3 Other Financial Assets		71.364	13.786	85.150	158.850	10.945	169.795
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>	<b>(3)</b>	<b>635.077</b>	<b>243.837</b>	<b>878.914</b>	<b>755.313</b>	<b>315.264</b>	<b>1.070.577</b>
1.3.1 Government Securities		627.410	232.674	860.084	745.044	306.067	1.051.111
1.3.2 Equity Securities		7.667	11.163	18.830	7.667	9.197	16.864
1.3.3 Other Financial Assets		-	-	-	2.602	-	2.602
<b>1.4 Derivative Financial Assets</b>	<b>(5)</b>	<b>51.199</b>	<b>21.286</b>	<b>72.485</b>	<b>13.684</b>	<b>-</b>	<b>13.684</b>
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		51.199	21.286	72.485	13.684	-	13.684
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>		<b>24.214.775</b>	<b>26.981.446</b>	<b>51.196.221</b>	<b>23.290.701</b>	<b>20.517.445</b>	<b>43.808.146</b>
<b>2.1 Loans</b>	<b>(6)</b>	<b>24.042.000</b>	<b>23.516.904</b>	<b>47.558.904</b>	<b>23.254.473</b>	<b>18.801.331</b>	<b>42.055.804</b>
<b>2.2 Lease Receivables</b>	<b>(7)</b>	<b>315.025</b>	<b>179.770</b>	<b>494.795</b>	<b>291.476</b>	<b>68.673</b>	<b>360.149</b>
<b>2.3 Financial Assets Measured at Amortised Cost</b>	<b>(4)</b>	<b>884.246</b>	<b>4.230.658</b>	<b>5.114.904</b>	<b>832.051</b>	<b>2.392.749</b>	<b>3.224.800</b>
2.3.1 Government Securities		884.246	4.230.658	5.114.904	832.051	2.392.749	3.224.800
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Credit Losses (-)</b>	<b>(6)</b>	<b>1.026.496</b>	<b>945.886</b>	<b>1.972.382</b>	<b>1.087.299</b>	<b>745.308</b>	<b>1.832.607</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(8)</b>	<b>155.969</b>	<b>135</b>	<b>156.104</b>	<b>130.757</b>	<b>293</b>	<b>131.050</b>
3.1 Asset Held for Resale		155.969	135	156.104	130.757	293	131.050
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. OWNERSHIP INVESTMENTS (Net)</b>	<b>(9)</b>	<b>340.472</b>	<b>-</b>	<b>340.472</b>	<b>327.378</b>	<b>-</b>	<b>327.378</b>
<b>4.1 Associates (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>268.696</b>	<b>-</b>	<b>268.696</b>	<b>268.696</b>	<b>-</b>	<b>268.696</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		268.696	-	268.696	268.696	-	268.696
<b>4.3 Joint Ventures (Net)</b>		<b>71.776</b>	<b>-</b>	<b>71.776</b>	<b>58.682</b>	<b>-</b>	<b>58.682</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		71.776	-	71.776	58.682	-	58.682
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(10)</b>	<b>1.331.091</b>	<b>17.780</b>	<b>1.348.871</b>	<b>1.372.244</b>	<b>17.226</b>	<b>1.389.470</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(11)</b>	<b>68.922</b>	<b>6.762</b>	<b>75.684</b>	<b>40.535</b>	<b>6.352</b>	<b>46.887</b>
6.1 Goodwill		-	5.092	5.092	-	4.783	4.783
6.2 Others		68.922	1.670	70.592	40.535	1.569	42.104
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(12)</b>	<b>980.470</b>	<b>-</b>	<b>980.470</b>	<b>1.261.475</b>	<b>-</b>	<b>1.261.475</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>3.104</b>	<b>-</b>	<b>3.104</b>	<b>3.750</b>	<b>-</b>	<b>3.750</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(13)</b>	<b>305.451</b>	<b>-</b>	<b>305.451</b>	<b>191.360</b>	<b>-</b>	<b>191.360</b>
<b>X. OTHER ASSETS</b>	<b>(14)</b>	<b>714.292</b>	<b>106.861</b>	<b>821.153</b>	<b>640.871</b>	<b>28.943</b>	<b>669.814</b>
<b>TOTAL ASSETS</b>		<b>31.892.966</b>	<b>48.454.802</b>	<b>80.347.768</b>	<b>30.869.630</b>	<b>38.650.381</b>	<b>69.520.011</b>

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

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

LIABILITIES	Notes (Section Five-II)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		June 30, 2021			December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	(1)	17.626.712	44.058.484	61.685.196	15.389.368	36.148.001	51.537.369
<b>II. FUNDS BORROWED</b>	(2)	69.112	3.169.508	3.238.620	72.778	2.987.107	3.059.885
<b>III. BORROWINGS FROM MONEY MARKETS</b>		67.328	8.697	76.025	1.246.687	1.029.766	2.276.453
<b>IV. SECURITIES ISSUED (Net)</b>	(3)	4.249.292	-	4.249.292	4.042.163	-	4.042.163
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	(4)	3.316	-	3.316	142.596	-	142.596
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		3.316	-	3.316	142.596	-	142.596
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES</b>	(5)	317.150	15.980	333.130	314.684	13.711	328.395
<b>VIII. PROVISIONS</b>	(6)	205.666	2.493	208.159	200.073	2.451	202.524
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		156.112	-	156.112	145.872	-	145.872
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		49.554	2.493	52.047	54.201	2.451	56.652
<b>IX. CURRENT TAX LIABILITY</b>	(7)	66.444	215	66.659	74.012	11.018	85.030
<b>X. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(8)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED LOANS</b>	(9)	-	2.039.052	2.039.052	-	1.732.562	1.732.562
12.1 Loans		-	2.039.052	2.039.052	-	1.732.562	1.732.562
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	(10)	2.026.826	264.070	2.290.896	1.573.899	190.199	1.764.098
<b>XIV. SHAREHOLDERS' EQUITY</b>	(11)	6.151.733	5.690	6.157.423	4.343.628	5.308	4.348.936
14.1 Paid-In Capital		1.350.000	-	1.350.000	1.350.000	-	1.350.000
14.2 Capital Reserves		1.020.790	-	1.020.790	960.566	-	960.566
14.2.1 Share Premium		14.855	-	14.855	14.855	-	14.855
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		1.005.935	-	1.005.935	945.711	-	945.711
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		250.223	-	250.223	254.045	-	254.045
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		127.677	5.690	133.367	93.130	5.308	98.438
14.5 Profit Reserves		1.745.966	-	1.745.966	1.494.079	-	1.494.079
14.5.1 Legal Reserves		145.290	-	145.290	131.703	-	131.703
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.600.540	-	1.600.540	1.362.171	-	1.362.171
14.5.4 Other Profit Reserves		136	-	136	205	-	205
14.6 Profit or Loss		(293.252)	-	(293.252)	(27.128)	-	(27.128)
14.6.1 Prior Years Profit/(Loss)		(337.669)	-	(337.669)	(329.432)	-	(329.432)
14.6.2 Current Year Profit/(Loss)		44.417	-	44.417	302.304	-	302.304
14.7 Minority Shares		1.950.329	-	1.950.329	218.936	-	218.936
<b>TOTAL LIABILITIES</b>		<b>30.783.579</b>	<b>49.564.189</b>	<b>80.347.768</b>	<b>27.399.888</b>	<b>42.120.123</b>	<b>69.520.011</b>

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, 2021**  
*(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, 2021			December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>10.469.798</b>	<b>10.240.921</b>	<b>20.710.719</b>	<b>11.377.799</b>	<b>9.281.131</b>	<b>20.658.930</b>
<b>I. GUARANTEES AND SURETIES</b>	<b>(1)</b>	<b>6.499.872</b>	<b>6.957.281</b>	<b>13.457.153</b>	<b>5.710.137</b>	<b>5.411.694</b>	<b>11.121.831</b>
1.1. Letters of Guarantees		6.379.379	3.804.387	10.183.766	5.647.191	3.555.738	9.202.929
1.1.1. Guarantees Subject to State Tender Law		954.335	89.978	1.044.313	876.326	77.888	954.214
1.1.2. Guarantees Given for Foreign Trade Operations		15	1.220.725	1.220.740	15	1.043.724	1.043.739
1.1.3. Other Letters of Guarantee		5.425.029	2.493.684	7.918.713	4.770.850	2.434.126	7.204.976
1.2. Bank Loans		-	86.215	86.215	-	49.363	49.363
1.2.1. Import Letter of Acceptances		-	86.215	86.215	-	49.363	49.363
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		57.088	3.053.594	3.110.682	39.522	1.731.270	1.770.792
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		57.088	3.053.594	3.110.682	39.522	1.731.270	1.770.792
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	13.085	13.085	-	75.323	75.323
1.7. Other Collaterals		63.405	-	63.405	23.424	-	23.424
<b>II. COMMITMENTS</b>	<b>(1)</b>	<b>2.570.285</b>	<b>235.123</b>	<b>2.805.408</b>	<b>2.395.012</b>	<b>850.025</b>	<b>3.245.037</b>
2.1. Irrevocable Commitments		2.544.785	235.123	2.779.908	2.391.012	850.025	3.241.037
2.1.1. Asset Purchase and Sale Commitments		138.787	235.123	373.910	359.047	850.025	1.209.072
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		604.315	-	604.315	429.887	-	429.887
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		819.317	-	819.317	667.621	-	667.621
2.1.7. Tax And Fund Liabilities from Export Commitments		14.015	-	14.015	13.538	-	13.538
2.1.8. Commitments for Credit Card Expenditure Limits		967.290	-	967.290	919.974	-	919.974
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		509	-	509	398	-	398
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		552	-	552	547	-	547
2.2. Revocable Commitments		25.500	-	25.500	4.000	-	4.000
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		25.500	-	25.500	4.000	-	4.000
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>(2)</b>	<b>1.399.641</b>	<b>3.048.517</b>	<b>4.448.158</b>	<b>3.272.650</b>	<b>3.019.412</b>	<b>6.292.062</b>
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		1.399.641	3.048.517	4.448.158	3.272.650	3.019.412	6.292.062
3.2.1. Forward Foreign Currency Buy/Sell Transactions		125.941	124.864	250.805	128.188	114.937	243.125
3.2.1.1. Forward Foreign Currency Transactions-Buy		91.428	34.325	125.753	83.763	39.298	123.061
3.2.1.2. Forward Foreign Currency Transactions-Sell		34.513	90.539	125.052	44.425	75.639	120.064
3.2.2. Other Forward Buy/Sell Transactions		1.273.700	2.923.653	4.197.353	3.144.462	2.904.475	6.048.937
3.3. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>97.264.467</b>	<b>32.217.309</b>	<b>129.481.776</b>	<b>87.262.122</b>	<b>24.652.412</b>	<b>111.914.534</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>6.744.243</b>	<b>8.769.574</b>	<b>15.513.817</b>	<b>5.519.997</b>	<b>8.677.435</b>	<b>14.197.432</b>
4.1. Assets Under Management		3.782.372	-	3.782.372	2.911.168	-	2.911.168
4.2. Investment Securities Held in Custody		13.372	347.042	360.414	137.652	344.021	481.673
4.3. Cheques Received for Collection		2.060.356	431.521	2.491.877	1.696.146	275.497	1.971.643
4.4. Commercial Notes Received for Collection		627.086	108.020	735.106	526.549	83.168	609.717
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		227.829	817.954	1.045.783	215.254	1.519.560	1.734.814
4.8. Custodians		33.125	7.065.037	7.098.162	33.125	6.455.189	6.488.314
<b>V. PLEDGED ITEMS</b>		<b>90.520.224</b>	<b>23.447.735</b>	<b>113.967.959</b>	<b>81.742.125</b>	<b>15.974.977</b>	<b>97.717.102</b>
5.1. Marketable Securities		11.108.963	5.368.226	16.477.189	11.668.013	4.659.421	16.327.434
5.2. Guarantee Notes		1.998.732	331.285	2.330.017	1.438.998	219.572	1.658.570
5.3. Commodity		9.490.542	2.308.462	11.799.004	6.545.244	1.758.326	8.303.570
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		62.371.444	12.555.335	74.926.779	56.903.781	6.988.385	63.892.166
5.6. Other Pledged Items		5.272.390	2.875.260	8.147.650	4.924.606	2.341.372	7.265.978
5.7. Pledged Items-Depository		278.153	9.167	287.320	261.483	7.901	269.384
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>107.734.265</b>	<b>42.458.230</b>	<b>150.192.495</b>	<b>98.639.921</b>	<b>33.933.543</b>	<b>132.573.464</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AS OF JUNE 30, 2021**

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

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	Reviewed	Reviewed	Reviewed	Reviewed
			CURRENT PERIOD January 1- June 30, 2021	PRIOR PERIOD January 1- June 30, 2020	CURRENT PERIOD April 1- June 30, 2021	PRIOR PERIOD April 1- June 30, 2020
<b>I.</b>	<b>PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>2.203.368</b>	<b>1.631.820</b>	<b>1.138.336</b>	<b>822.533</b>
1.1	Profit Share on Loans		1.841.839	1.408.884	960.152	694.761
1.2	Income Received from Reserve Deposits		53.901	3.508	33.534	2.644
1.3	Income Received from Banks		182	506	82	156
1.4	Income Received from Money Market Placements		-	-	-	-
1.5	Income Received from Marketable Securities Portfolio		291.317	209.645	136.156	120.284
1.5.1	Financial Assets at Fair Value Through Profit and Loss		104.826	41.660	38.845	29.049
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		71.651	80.592	38.083	44.517
1.5.3	Financial Assets Measured at Amortised Cost		114.840	87.393	59.228	46.718
1.6	Finance Lease Income		15.432	7.790	8.288	3.799
1.7	Other Profit Share Income		697	1.487	124	889
<b>II.</b>	<b>PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>1.530.656</b>	<b>851.983</b>	<b>758.127</b>	<b>422.239</b>
2.1	Expense on Profit Sharing Accounts		870.304	559.360	457.893	272.689
2.2	Profit Share Expense on Funds Borrowed		134.629	123.790	73.579	66.662
2.3	Profit Share Expense on Money Market Borrowings		54.198	7.167	11.455	4.772
2.4	Profit Share Expense on Securities Issued		414.287	121.970	194.162	60.804
2.5	Finance Lease Expense		25.099	29.788	12.357	14.965
2.6	Other Profit Share Expense		32.139	9.908	8.681	2.347
<b>III.</b>	<b>NET PROFIT SHARE INCOME (I – II)</b>		<b>672.712</b>	<b>779.837</b>	<b>380.209</b>	<b>400.294</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>170.462</b>	<b>100.139</b>	<b>92.564</b>	<b>39.168</b>
4.1	Fees and Commissions Received		252.791	177.229	134.017	79.297
4.1.1	Non-Cash Loans		71.686	64.391	38.504	32.757
4.1.2	Other	<b>(3)</b>	181.105	112.838	95.513	46.540
4.2	Fees and Commissions Paid (-)		82.329	77.090	41.453	40.129
4.2.1	Non-Cash Loans		174	106	106	54
4.2.2	Other	<b>(3)</b>	82.155	76.984	41.347	40.075
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI.</b>	<b>TRADING INCOME/LOSS(net)</b>	<b>(5)</b>	<b>(11.033)</b>	<b>58.949</b>	<b>(17.661)</b>	<b>41.462</b>
6.1	Capital Market Transaction Income/(Loss)		(13.329)	9.877	(47.336)	10.692
6.2	Profit/(Loss) from Derivative Financial Instruments		(24.169)	25.255	(140.149)	16.658
6.3	Foreign Exchange Income/(Loss)		26.465	23.817	169.824	14.112
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(6)</b>	<b>523.341</b>	<b>177.880</b>	<b>189.510</b>	<b>52.118</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>1.355.482</b>	<b>1.116.805</b>	<b>644.622</b>	<b>533.042</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>(7)</b>	<b>504.133</b>	<b>361.256</b>	<b>278.076</b>	<b>121.945</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(7)</b>	<b>16.162</b>	<b>22.355</b>	<b>9.347</b>	<b>18.719</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>380.784</b>	<b>353.426</b>	<b>190.764</b>	<b>172.634</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(8)</b>	<b>383.854</b>	<b>290.316</b>	<b>211.629</b>	<b>148.111</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>70.549</b>	<b>89.452</b>	<b>(45.194)</b>	<b>71.633</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>PROFIT/(LOSS) ON EQUITY METHOD</b>		<b>14.120</b>	<b>9.726</b>	<b>7.837</b>	<b>5.182</b>
<b>XVI.</b>	<b>PROFIT/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>	<b>(9)</b>	<b>84.669</b>	<b>99.178</b>	<b>(37.357)</b>	<b>76.815</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(10)</b>	<b>(29.302)</b>	<b>26.205</b>	<b>(48.623)</b>	<b>22.188</b>
18.1	Provision for Current Taxes		4.398	2.162	2.572	1.133
18.2	Deferred Tax Expense Effect (+)		184.443	101.818	57.790	48.755
18.3	Deferred Tax Income Effect (-)		218.143	77.775	108.985	27.700
<b>XIX.</b>	<b>NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(11)</b>	<b>113.971</b>	<b>72.973</b>	<b>11.266</b>	<b>54.627</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
20.1	Income from Assets Held For Sale		-	-	-	-
20.2	Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
20.3	Income from Other Discontinued Operations		-	-	-	-
<b>XXI.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
21.1	Loss from Assets Held for Sale		-	-	-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-
21.3	Loss from Other Discontinued Operations		-	-	-	-
<b>XXII.</b>	<b>PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XXI-XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1	Provision for Current Taxes		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(12)</b>	<b>113.971</b>	<b>72.973</b>	<b>11.266</b>	<b>54.627</b>
25.1	Group's Income/Loss		44.417	71.126	(39.882)	53.602
25.2	Minority Shares Profit/Loss (-)		69.554	1.847	51.148	1.025
	Earnings Per Share		0,03	0,05	(0,03)	0,04

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, 2021**

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed	Reviewed
	CURRENT PERIOD January 1- June 30, 2021	PRIOR PERIOD January 1- June 30, 2020
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>113.971</b>	<b>72.973</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>31.107</b>	<b>24.403</b>
<b>2.1 Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>(3.822)</b>	<b>(3.403)</b>
2.1.1 Revaluation Surplus on Tangible Assets	(3.822)	(3.403)
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>34.929</b>	<b>27.806</b>
2.2.1 Translation Differences	44.639	27.916
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	(1.719)	(141)
2.2.3 Gains/losses from Cash Flow Hedges	-	-
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(7.991)	31
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>145.078</b>	<b>97.376</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS OF JUNE 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss									
		Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves <sup>(*)</sup>	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
CURRENT PERIOD (January 1 - June 30, 2021)																		
I.	Closing balance		1.350.000	14.855	-	945.711	300.370	(46.325)	-	96.212	2.226	-	1.494.079	(329.432)	302.304	4.130.000	218.936	4.348.936
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balances at Beginning Of Period (I+II)		1.350.000	14.855	-	945.711	300.370	(46.325)	-	96.212	2.226	-	1.494.079	(329.432)	302.304	4.130.000	218.936	4.348.936
IV.	Total Comprehensive Income		-	-	-	-	(3.822)	-	-	44.639	(9.710)	-	-	-	44.417	75.524	69.554	145.078
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		-	-	-	60.224	-	-	-	-	-	-	7.961	(66.615) <sup>(**)</sup>	-	1.570	1.661.839	1.663.409
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	243.926	58.378	(302.304)	-	-	-
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	243.926	(243.926)	-	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	302.304	(302.304)	-	-	-
Balances at end of the period (III+IV...+X+XI)			1.350.000	14.855	-	1.005.935	296.548	(46.325)	-	140.851	(7.484)	-	1.745.966	(337.669)	44.417	4.207.094	1.950.329	6.157.423

<sup>(\*)</sup> 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.

<sup>(\*\*)</sup> The Parent Bank has paid TL 71.265 in February 2021, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 19.864, 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, 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 Cancellati on Profits	Other Capital Reserves (*)	1	2	3	4	5	6	Profit Reserve s	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Equity Before Minority Shares	Minority Shares	Total Shareholders' Equity
<b>PRIOR PERIOD</b> <b>(January 1 - June 30, 2020)</b>																	
I. Closing balance		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) <sup>(*)</sup>	-	(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)	-	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>		<b>1.350.000</b>	<b>14.855</b>	<b>-</b>	<b>935.489</b>	<b>267.507</b>	<b>(27.506)</b>	<b>-</b>	<b>101.412</b>	<b>39.422</b>	<b>-</b>	<b>1.493.874</b>	<b>(282.092)</b>	<b>71.126</b>	<b>3.964.087</b>	<b>158.257</b>	<b>4.122.344</b>

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

(\*\*) The Parent Bank has paid TL 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 CASH FLOWS**  
**AS OF JUNE 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Reviewed	Reviewed
		CURRENT PERIOD January 1- June 30, 2021	PRIOR PERIOD January 1- June 30, 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>861.973</b>	<b>(388.071)</b>
1.1.1 Profit Share Income Received		2.123.962	1.556.137
1.1.2 Profit Share Expense Paid		(1.458.838)	(560.656)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		175.544	112.838
1.1.5 Other Income		347.992	150.296
1.1.6 Collections from Previously Written Off Loans		190.234	195.296
1.1.7 Payments to Personnel and Service Suppliers		(466.893)	(436.425)
1.1.8 Taxes Paid		(17.674)	(28.266)
1.1.9 Others		(32.354)	(1.377.291)
<b>1.2 Changes In Operating Assets And Liabilities</b>		<b>(167.047)</b>	<b>(616.338)</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(1.486.674)	(2.657.205)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(2.319.891)	2.219.951
1.2.3 Net (Increase) Decrease in Loans		(4.306.244)	(5.033.016)
1.2.4 Net (Increase) Decrease in Other Assets		451.081	(165.145)
1.2.5 Net Increase (Decrease) in Bank Deposits		398.450	(1.230.235)
1.2.6 Net Increase (Decrease) in Other Deposits		7.495.379	5.508.083
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		(399.148)	741.229
<b>I. Net Cash Flow From Banking Operations</b>		<b>694.926</b>	<b>(1.004.409)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>(1.051.558)</b>	<b>(721.244)</b>
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		(6.887)	(708)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(132.340)	(53.005)
2.4 Disposals of Property and Equipment		441.434	135.294
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(26.279)	(91.914)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		285.516	101.075
2.7 Purchase of Financial Assets Measured at Amortised Cost		(2.805.047)	(1.620.567)
2.8 Sale of Financial Assets Measured at Amortised Cost		1.192.045	808.581
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Flow From Financing Activities</b>		<b>204.309</b>	<b>742.827</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		19.966.800	12.251.080
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(21.382.021)	(11.403.120)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Leases		(40.598)	(42.414)
3.6 Other		1.660.128	(62.719)
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>418.502</b>	<b>281.688</b>
<b>V. Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>266.179</b>	<b>(701.138)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>8.057.072</b>	<b>7.189.681</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>		<b>8.323.251</b>	<b>6.488.543</b>

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

### **SECTION THREE**

#### **Accounting Policies**

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

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

The 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, 2021, ownership investment accounted using equity method is Katılım Emeklilik ve Hayat A.Ş. The subsidiaries, real estate funds, venture capital investment funds, security funds accounted using full consolidation method are Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha Gmbh, Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu and Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu, Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu, Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu respectively.

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**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, 2020, financial statements.

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

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

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

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

**e) Comparative information and classifications:**

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

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

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

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

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

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

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

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

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

There are no foreign currency differences capitalized by the Group.

**III. Information on consolidated associates:**

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

**a) Consolidation principles on joint ventures:**

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

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

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

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

**b) Consolidation principles on subsidiaries:**

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

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

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

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



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**III. Information on consolidated associates (continued):**

**b) Consolidation principles on subsidiaries (continued):**

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

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

**c) Consolidation principles on investment funds:**

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

Title	Operation Center (City/Country)	Main Activities	Parent Bank's Effective Percentage of Shares (%)	Group's Direct and Indirect Effective Percentage of Shares (%)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	5,95	5,95
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	6,43	6,55
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	16,51	16,51
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	1,93	1,93
Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu <sup>(*)</sup>	Istanbul/Turkey	Buy real estate and rights based on real estates, rent, lease and sell	0,00	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.	2,09	2,09
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	To invest in the initial stages of technology and innovation companies that provide products or services to Fintech venture companies or financial companies or to terminate the investment in the advanced stages by methods such as sale, merger and public offering.	100,00	100,00
Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	To incorporate innovative fintech projects inside the Parent Bank as co-founder or make the fintech projects more flexible and active in present companies by becoming their partner ,to invest these companies' shares and terminate the investment in the development or advanced phase by sale, merger, public offer.	13,86	28,40
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu <sup>(*)</sup>	Istanbul/Turkey	To invest in the initial stages or growth stages of new generation start-up companies or to be founder of them, to terminate the investment in the development or further stages of the company through methods such as sales, merger, and public offering.	0,00	50,01
Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu	Istanbul/Turkey	To invest in civilian Technology companies such as information technology, game, Finance, cyber security, mobility, agriculture, health, energy, Firstly in Technopark (IT Valley) founded and operated by Muallim Köy Teknoloji Geliştirme Bölgesi Yönetici A.Ş. If these companies' centers are not in IT Valley, they must guarantee that their trade center or branches must be moved to IT Valley in 6 months (following the investment term) and register in common financial reporting system directed by IT Valley to report legal obligations. Requirements for the companies are that they are to be technology-based companies, have good accord to product and market and target market should be sound and ready for rapid growth.	12,73	12,73

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**III. Information on consolidated associates (continued):**

**c) Consolidation principles on investment funds (continued):**

Title	Operation Center (City/Country)	Main Activities	Parent Bank's Effective Percentage of Shares (%)	Group's Direct and Indirect Effective Percentage of Shares (%)
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu <sup>(*)</sup>	Istanbul/Turkey	To direct the fund portfolio mainly to the domestic and / or foreign public and private sector lease certificates in foreign currency or gold based capital market instruments, participation accounts, promised contracts and other interest-free investment instruments approved by the Board to the portfolio between the range of 0% and 100%.	0,00	44,10
Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu <sup>(*)</sup>	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.	0,00	87,78

<sup>(\*)</sup> 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.

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

*Profit share income*

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

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

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

*Profit share expense*

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

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

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

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

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

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

**VII. Explanations on financial assets:**

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

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

**Assessment of business model:**

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

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

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

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

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

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

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

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

**c) Other business models:**

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

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

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

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

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

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

The revaluation reports prepared by appraisers have been taken into consideration in measuring the fair values of the profit and loss sharing investments. In evaluating profit share investment projects various assumptions and estimations have been used. Work projects, discount rates and fair value parameters may fluctuate and sensitive to COVID 19's effect to market, economical conjuncture, and sectoral position, and other market conditions.

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

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

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

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

**c) Other business models (continued):**

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

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

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

**Financial assets measured at amortized cost:**

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

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

**Loans:**

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

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

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

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

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

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

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

Because of the malfunction in economical and commercial operation as a result of the Covid-19 pandemia, 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

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

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. The applications in the relevant decision will continue to be implemented until September 30, 2021 with the BRSA's decision dated June 17, 2021 and numbered 9624. In this context;

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

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

As of June 30, 2021, under these flexibilities mentioned above, the Parent Bank has cash receivables amount to TL 342.802 over 30 days due and TL 205.911 over 90 days due, these receivables are classified under first and second group and TL 1.653 and TL 38.416 expected credit losses have been allocated respectively. In addition, the loan amounting to TL 501.319 which was classified as Stage 3 loan before June 30, 2021, has continued to be classified as Stage 2 loan and provision allocations continued according to Stage 3 ECL methodology for those loans.

As stated under the note of significant estimates and assumptions in preparing financial statements, the Parent Bank has changed the parameters in allocating provisions by using the best estimates and assumptions for expected credit losses to reflect the possible impact of Covid 19 pandemia to its financial statements as of June 30, 2021. From the beginning of the covid pandemia,

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

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

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

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

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

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

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

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

**Probability of Default (PD):**

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

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

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

**Loss Given Default (LGD):**

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

**Exposure at Default (EAD):**

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

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

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

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

With the decision of the BRSA, dated June 17, 2021 and numbered 9624, which extended the applications in the first decision dated March 27, 2020 and numbered 8970 until September 30, 2021, the cash loans which are between 30 and 90 days overdue are continued to be classified under first group loans.

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

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

The 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.

With the decision of the BRSA, dated June 17, 2021 and numbered 9624, which extended the applications in the first decision dated March 27, 2020 and numbered 8970 until September 30, 2021, 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 91<sup>st</sup> day. In addition, as per the decision by BRSA dated June 17, 2021 and numbered 9624, which extended the applications in the first decision dated March 27, 2020 and numbered 8970 until September 30, the definition of "default" is that the receivable is 180 days overdue instead of 90 days).

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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**XIII. Explanations on tangible assets:**

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

As of March 31, 2009, the Parent Bank has made a change in accounting policy and adopted revaluation model for real estates in accordance TAS 16 and reflected the results of appraisal reports prepared by an authorized real estate appraisal firm to the financial statements. As of December 31, 2020, the Parent Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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

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

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

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

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

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

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

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

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

**XIV. Explanations on investment property:**

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

The cost includes the expenses directly associated with the purchase.

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

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

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

**XV. Explanations on leasing transactions:**

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

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

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

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

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**XV. Explanations on leasing transactions (continued):**

**The lease liabilities:**

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

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

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

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

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

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

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

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

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

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

i) *Defined benefit plans:*

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

i) *Defined benefit plans (continued):*

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

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

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

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

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

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

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

**XVIII. Explanations on taxation:**

**Current tax:**

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

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

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

Dividends paid to the resident institutions are not subject to withholding tax in Turkey. Withholding tax rate on the dividend payments other than these is 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 14<sup>th</sup> day and paid by the 17<sup>th</sup> day of the second month following the taxed period. The prepaid taxes can be deducted from the annual corporate tax calculated on the annual corporate income. The remaining prepaid tax, if any after deduction, can be refunded in cash or deducted from other financial liabilities to the government.

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

In accordance with the tax legislation, tax losses can be carried forward to offset against future taxable income for up to 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 25<sup>th</sup> of the fourth month following the close of the accounting period to which they relate. Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings and carry out sectorial investigations.

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

**Deferred tax:**

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

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

differences to the extent that is probable that taxable profit will be available and deferred tax liability is calculated for all temporary differences. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis.

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

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. Since the "law regarding changes on tax laws and some other laws" numbered 7061 and the 22% corporate tax rate have been terminated as of 2020, the Parent Bank has used 25% rate for temporary differences expected to be realized or terminated until end of 2021, 23% for temporary differences expected to be realized or terminated until end of 2022 and 20 % for temporary differences expected to be realized or terminated after 2023 while preparing financial statements as of June 30, 2021.

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

**Transfer pricing:**

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

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

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**XIX. Additional explanations on borrowings:**

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

There are no debt securities issued by the Parent Bank. The Parent Bank has issued borrowings through its subsidiary Bereket Varlık Kiralama A.. 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 are no other matters.

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**SECTION FOUR**

**Information on Consolidated Financial Structure and Risk Management of the Group**

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

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of June 30, 2021, the Parent Bank’s total capital has been calculated as TL 5.759.556 and capital adequacy standard ratio is 13,76%. As of December 31, 2020, the Parent Bank’s total capital amounted to TL 5.642.560 and capital adequacy ratio was 14,18%. The Parent Bank’s capital adequacy standard ratio is above the minimum ratio required by the legislation.

**a. Information on consolidated capital:**

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.350.000	1.350.000
Share issue premiums	14.855	14.855
Reserves	1.408.297	1.164.647
Gains recognized in equity as per TAS	667.595	568.785
Profit	44.417	302.304
Current Period Profit	44.417	302.304
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Minority Share	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>3.485.164</b>	<b>3.400.591</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	53.809	46.311
Improvement costs for operating leasing	20.970	20.340
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	73.060	44.312
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	111.451	111.451
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 <sup>th</sup> clause of the 56 <sup>th</sup> Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	100.672	-
Amount exceeding 15% of the common equity as per the 2 <sup>nd</sup> clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>359.962</b>	<b>222.414</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>3.125.202</b>	<b>3.178.177</b>



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

	Current Period	Prior Period
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	775.720
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>775.720</b>	<b>775.720</b>
<b>Deductions from Additional Tier I Capital</b>	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	<b>775.720</b>	<b>775.720</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>3.900.922</b>	<b>3.953.897</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.617.617	1.374.112
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	246.555	321.443
<b>Tier II Capital Before Deductions</b>	<b>1.864.172</b>	<b>1.695.555</b>
<b>Deductions From Tier II Capital</b>	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>1.864.172</b>	<b>1.695.555</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5.765.094</b>	<b>5.649.452</b>
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	-	-
Deductions from Capital Loans granted contrary to the 50 <sup>th</sup> and 51 <sup>th</sup> Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	5.538	6.892

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

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

	Current Period	Prior Period
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
<b>Total Capital (Total Core Capital and Supplementary Capital)</b>	<b>5.759.556</b>	<b>5.642.560</b>
<b>Total risk weighted amounts</b>	<b>41.858.842</b>	<b>39.792.959</b>
<b>Capital Adequacy Ratios</b>		
Consolidated Core Capital Adequacy Ratio (%)	7,47	7,99
Consolidated Tier 1 Capital Adequacy Ratio (%)	9,32	9,94
Consolidated Capital Adequacy Ratio (%)	13,76	14,18
<b>BUFFERS</b>		
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	2,97	3,49
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	322.587	279.792
<b>Limits related to provisions considered in Tier II calculation</b>	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	246.555	321.443
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	246.555	321.443
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

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

In press release by BRSA dated March 23, 2020 it is stated that there are financial market turbulences as a result of Covid 19 pandemia. Because of this, in calculating credit risk as per "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is possible that last 252 working days (before calculation date) arithmetical averages of central bank buying exchange rates can be used in calculating the revalued amounts of monetary and non monetary items and their specific provisions. The items, which are carried at cost is out of scope. As of June 30, 2021, the Parent Bank has utilized this facility mentioned above.

**b. Details on subordinated liabilities:**

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
<b>Special Consideration in the Calculation of Equity</b>		
As of January 1, 2015, consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.617.617	TL 775.720 <sup>(1)</sup>
Par Value of Instrument	TL 2.022.021	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2025 Total Repayment Amount of Profit Share: USD 131.250.000 (first 5 year), USD 117.137.500 (second 5 years) Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share for 5 years: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
<b>Profit Share/Dividends</b>		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	9,371 % (first 5 years: 10,50%)	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative
<b>Convertible or Non-convertible</b>		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval it is convertible and the rate may be determined.	As per BRSA approval it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
<b>Write-down feature</b>		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

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

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**I. Explanations on 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, 2021 - Balance sheet evaluation rate	8,643	10,248
As of June 29, 2021	8,695	10,340
As of June 28, 2021	8,675	10,342
As of June 25, 2021	8,680	10,385
As of June 24, 2021	8,661	10,339
As of June 23, 2021	8,653	10,361

- 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 8,586 for 1 USD (December 2020: TL 7,670), TL 10,340 for 1 EUR (December 2020: TL 9,337).

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 <sup>(*)</sup>	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	3.861.818	7.633.744	2.593.141	14.088.703
Banks	429.457	635.273	1.210.345	2.275.075
Financial assets at fair value through profit and loss <sup>(**)</sup>	603.658	583.827	3.546.718	4.734.203
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	849	238.638	4.350	243.837
Loans and financial lease receivables <sup>(***)</sup>	7.954.462	15.823.461	48	23.777.971
Subsidiaries, associates and joint ventures	-	-	-	-
Financial Assets Measured at Amortised Cost	973.578	3.257.080	-	4.230.658
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	17.780	17.780
Intangible assets	6.762	-	-	6.762
Other assets <sup>(****)</sup>	27.487	78.702	4.841	111.030
<b>Total assets</b>	<b>13.858.071</b>	<b>28.250.725</b>	<b>7.377.223</b>	<b>49.486.019</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	255.353	687.672	5.452	948.477
Other current and profit sharing accounts	10.740.143	25.380.998	6.988.866	43.110.007
Money market borrowings	-	8.697	-	8.697
Funds provided from other financial institutions and subordinated loans	2.116.426	3.092.133	1	5.208.560
Marketable securities issued	-	-	-	-
Miscellaneous payables	80.289	176.893	6.888	264.070
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	360	17.949	379	18.688
<b>Total liabilities</b>	<b>13.192.571</b>	<b>29.364.342</b>	<b>7.001.586</b>	<b>49.558.499</b>
<b>Net balance sheet position</b>	<b>665.500</b>	<b>(1.113.617)</b>	<b>375.637</b>	<b>(72.480)</b>
<b>Net off balance sheet position</b>	<b>(650.748)</b>	<b>1.407.971</b>	<b>(246.891)</b>	<b>510.332</b>
Derivative financial instruments assets <sup>(*****)</sup>	20.496	1.871.723	4.767	1.896.986
Derivative financial instruments liabilities <sup>(*****)</sup>	671.244	463.752	251.658	1.386.654
Non-cash loans <sup>(*****)</sup>	2.293.960	4.619.011	44.310	6.957.281
<b>Prior Period</b>				
Total assets	10.852.989	22.619.959	6.411.927	39.884.875
Total liabilities	10.841.016	24.794.716	6.479.083	42.114.815
<b>Net balance sheet position</b>	<b>11.973</b>	<b>(2.174.757)</b>	<b>(67.156)</b>	<b>(2.229.940)</b>
<b>Net off balance sheet position</b>	<b>(244.207)</b>	<b>2.670.013</b>	<b>142.713</b>	<b>2.568.519</b>
Derivative financial instruments assets	22.001	3.036.480	160.497	3.218.978
Derivative financial instruments liabilities	266.208	366.467	17.784	650.459
Non-cash loans <sup>(*****)</sup>	2.160.361	3.210.278	41.055	5.411.694

<sup>(\*)</sup> TL 2.533.265 (December 31, 2020: TL 2.644.380) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 732.113 (December 31, 2020: TL 1.308.455) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 6.496.865 (December 31, 2020: TL 6.203.756) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

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

<sup>(\*\*\*)</sup> The balance includes foreign currency indexed loans and financial lease receivables of TL 1.027.183 (December 31, 2020: TL 1.227.719).

<sup>(\*\*\*\*)</sup> Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 4.034 (December 31, 2020: TL 6.775) is included in other assets.

<sup>(\*\*\*\*\*)</sup> In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 48.776 (December 31, 2020: TL 275.205) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 186.347 (December 31, 2020: TL 574.820).

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

**Other issues related to currency risk:**

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

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

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

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

The equity securities under banking book calculated as per credit risk standard method amount to TL 113.275. 100% risk weight is applied to related whole amount (December 31, 2020: TL 98.679).

**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 considering the relevant currencies. Funding sources are monitored actively during identification of concentration risk related to funding. The Parent Bank's funding base of funds collected and other borrowing transactions are diversified in order to prevent the concentration of a particular funding source. Factors that could trigger the sudden and significant run off in funds or impair the accessibility of the funding sources are analyzed.

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

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

The results of liquidity risk stress testing are taken into consideration in the assessment of liquidity adequacy and identification of strategy, policy and procedures regarding liquidity risk and contingency funding plan is prepared within this framework. There exists "Liquidity Risk Management Contingency Funding Plan" in the

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

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

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

**Consolidated liquidity coverage ratio:**

		Rate of "Percentage to be taken into account" not Implemented Total Value <sup>(*)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(*)</sup>	
	Current Period	TL+FC	FC	TL+FC	FC
	<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1	HIGH QUALITY LIQUID ASSETS			22.994.215	20.000.324
	<b>CASH OUTFLOWS</b>				
2	Retail and Small Business Funds Collected	35.610.663	25.739.520	3.343.937	2.573.952
3	Stable Funds Collected	4.342.593	-	217.130	-
4	Less stable Funds Collected	31.268.070	25.739.520	3.126.807	2.573.952
5	Unsecured Funding other than Retail and Small Business Customers Deposits	18.557.991	13.871.989	9.697.567	5.835.722
6	Operational Funds Collected	10.084.472	7.760.516	2.521.118	1.940.129
7	Non-Operational Funds Collected	6.520.228	4.195.301	3.475.932	1.970.640
8	Other Unsecured Funding	1.953.291	1.916.172	3.700.517	1.924.953
9	Secured funding			-	-
10	Other Cash Outflows	2.173.662	1.619.563	2.173.662	1.619.563
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.173.662	1.619.563	2.173.662	1.619.563
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	13.836.810	6.550.867	1.407.544	852.704
16	<b>TOTAL CASH OUTFLOWS</b>			16.622.710	10.881.941
	<b>CASH INFLOWS</b>				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	8.645.767	5.792.633	6.785.421	4.797.851
19	Other contractual cash inflows	2.233.550	1.692.275	2.233.550	1.692.275
20	<b>TOTAL CASH INFLOWS</b>	10.879.317	7.484.908	9.018.971	6.490.126
				Upper limit applied amounts	
21	<b>TOTAL HQLA</b>			22.994.215	20.000.324
22	<b>TOTAL NET CASH OUTFLOWS</b>			7.603.739	4.391.815
23	<b>Liquidity Coverage Ratio (%)</b>			302,41	455,40

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

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	251,62	334,29
Date	June 30, 2021	June 30, 2021
Highest	365,93	593,86
Date	April 30, 2021	April 30, 2021
Average	302,41	455,40

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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 <sup>(*)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(*)</sup>	
		TL+FC	FC	TL+FC	FC
	<b>Prior Period</b>				
	<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1	HIGH QUALITY LIQUID ASSETS			<b>17.944.736</b>	<b>15.283.364</b>
	<b>CASH OUTFLOWS</b>				
2	Retail and Small Business Funds Collected	31.872.530	22.571.143	2.980.865	2.257.114
3	Stable Funds Collected	4.127.753	-	206.388	-
4	Less stable Funds Collected	27.744.777	22.571.143	2.774.478	2.257.114
5	Unsecured Funding other than Retail and Small Business Customers Deposits	16.095.895	11.597.593	7.995.215	5.311.412
6	Operational Funds Collected	9.756.716	7.568.365	2.439.179	1.892.091
7	Non-Operational Funds Collected	4.090.810	1.944.013	1.813.377	803.307
8	Other Unsecured Funding	2.248.369	2.085.215	3.742.659	2.616.014
9	Secured funding			-	-
10	Other Cash Outflows	2.504.337	1.325.554	2.504.337	1.325.553
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.504.337	1.325.554	2.504.337	1.325.554
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	11.333.373	5.429.471	1.087.474	661.606
16	<b>TOTAL CASH OUTFLOWS</b>			<b>14.567.891</b>	<b>9.555.685</b>
	<b>CASH INFLOWS</b>				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.088.663	4.663.950	5.870.652	4.167.086
19	Other contractual cash inflows	2.528.119	2.312.918	2.528.119	2.312.918
20	<b>TOTAL CASH INFLOWS</b>	<b>9.616.782</b>	<b>6.976.868</b>	<b>8.398.771</b>	<b>6.480.004</b>
				<b>Upper limit applied amounts</b>	
21	<b>TOTAL HQLA</b>			<b>17.944.736</b>	<b>15.283.364</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>6.169.120</b>	<b>3.075.681</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>290,88</b>	<b>496,91</b>

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

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

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	272,72	439,29
Date	November 30, 2020	December 31, 2020
Highest	300,51	571,64
Date	October 31, 2020	November 30, 2020
Average	290,88	496,91

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



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**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. Group's high quality liquid assets are composed of 8,30% cash, 51,08% deposits in central banks and 40,62% securities considered as high quality liquid assets.

Group's main funding sources are funds collected, funds borrowed, borrowings from money market, issued securities and subordinated loans. Funding source composition in report date is 86,53% funds collected, 13,47% funds borrowed, borrowings from money market, subordinated loans and securities issued.

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

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

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**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
<b>Current Period</b>								
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	6.252.232	9.052.117	-	-	-	-	-	15.304.349
Banks	2.203.177	1.102.050	131.344	-	-	-	-	3.436.571
Financial Assets at Fair Value Through Profit and Loss <sup>(*)</sup>	27.184	351.238	276.541	1.227.485	3.567.956	50.000	-	5.500.404
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	18.830	79.666	228.675	227.397	324.346	-	-	878.914
Loans <sup>(**)</sup>	303.032	4.535.027	6.368.509	13.938.211	17.283.170	2.792.393	860.975	46.081.317
Financial Assets Measured at Amortised Cost	-	20.162	338.485	1.263.326	3.492.931	-	-	5.114.904
Other Assets <sup>(****)</sup>	-	-	2.890	21.124	150.035	227.407	3.629.853	4.031.309
<b>Total Assets</b>	<b>8.804.455</b>	<b>15.140.260</b>	<b>7.346.444</b>	<b>16.677.543</b>	<b>24.818.438</b>	<b>3.069.800</b>	<b>4.490.828</b>	<b>80.347.768</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	599.585	259.498	90.373	9.177	-	-	-	958.633
Other current and profit sharing accounts	25.708.053	26.856.507	5.253.021	2.810.784	98.198	-	-	60.726.563
Funds provided from other financial institutions and subordinated loans	-	2.226.722	388.162	634.156	2.028.632	-	-	5.277.672
Money Market Borrowings	-	76.025	-	-	-	-	-	76.025
Marketable securities issued	-	2.320.335	1.134.570	794.387	-	-	-	4.249.292
Miscellaneous payables	-	410.076	106.755	45.460	34	-	1.728.571	2.290.896
Other liabilities	775.720	-	83	6.333	105.828	204.911	5.675.812	6.768.687
<b>Total Liabilities</b>	<b>27.083.358</b>	<b>32.149.163</b>	<b>6.972.964</b>	<b>4.300.297</b>	<b>2.232.692</b>	<b>204.911</b>	<b>7.404.383</b>	<b>80.347.768</b>
<b>Net Liquidity Gap</b>	<b>(18.278.903)</b>	<b>(17.008.903)</b>	<b>373.480</b>	<b>12.377.246</b>	<b>22.585.746</b>	<b>2.864.889</b>	<b>(2.913.555)</b>	<b>-</b>
<b>Net Off-Balance Sheet</b>								
<b>Position</b>	<b>-</b>	<b>43.499</b>	<b>87.130</b>	<b>(18.539)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112.090</b>
Financial Derivative Assets	-	1.563.903	484.189	232.032	-	-	-	2.280.124
Financial Derivative Liabilities	-	1.520.404	397.059	250.571	-	-	-	2.168.034
<b>Non-Cash Loans</b>	<b>8.421.121</b>	<b>215.930</b>	<b>644.277</b>	<b>2.997.436</b>	<b>1.161.525</b>	<b>16.864</b>	<b>-</b>	<b>13.457.153</b>
<b>Prior Period</b>								
Total Assets	8.999.546	11.982.136	8.024.539	14.988.877	18.901.479	2.191.933	4.431.501	69.520.011
Total Liabilities	23.935.016	26.001.910	8.180.244	3.985.161	1.907.424	206.715	5.303.541	69.520.011
<b>Net Liquidity Gap</b>	<b>(14.935.470)</b>	<b>(14.019.774)</b>	<b>(155.705)</b>	<b>11.003.716</b>	<b>16.994.055</b>	<b>1.985.218</b>	<b>(872.040)</b>	<b>-</b>
<b>Net Off-Balance Sheet</b>								
<b>Position</b>	<b>-</b>	<b>(62.018)</b>	<b>(109.221)</b>	<b>(65.751)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(236.990)</b>
Financial Derivative Assets	-	918.683	1.452.662	656.191	-	-	-	3.027.536
Financial Derivative Liabilities	-	980.701	1.561.883	721.942	-	-	-	3.264.526
<b>Non-Cash Loans</b>	<b>6.733.505</b>	<b>238.758</b>	<b>512.408</b>	<b>2.735.817</b>	<b>868.546</b>	<b>32.797</b>	<b>-</b>	<b>11.121.831</b>

(\*) Derivative financial instruments are included.

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

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

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

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

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**VI. Explanations on consolidated leverage ratio:**

	<b>Current Period<sup>(*)</sup></b>	<b>Prior Period<sup>(**)</sup></b>
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards <sup>(*)</sup>	79.335.688	71.007.168
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements"	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	5.432.871	6.999.965
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such instruments	353.423	1.897.763
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	11.388	27.036
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué "Preparation of Consolidated Financial Statements" and risk amounts of such items	-	-
<b>Total Risk Amount</b>	<b>96.527.492</b>	<b>85.720.841</b>

<sup>(\*)</sup> Consolidated financial statements prepared in compliance with the paragraph 6 of article 5 of the communiqué "Preparation of Consolidated Financial Statements".

<sup>(\*\*)</sup> Represents average of the three months.

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**VI. Explanations on consolidated leverage ratio (continued):**

As of June 30, 2021, consolidated leverage ratio of the Group calculated from the arithmetic average of the last three months is 4,08% (December 31, 2020: 4,61%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is that increase in average total risk amount is higher than increase in average capital amount.

	Current Period <sup>(*)</sup>	Prior Period <sup>(*)</sup>
<b>Balance sheet assets</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	79.819.897	71.507.442
2 (Assets deducted from Core capital)	(90.256)	(59.245)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	79.729.641	71.448.197
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	109.410	70.179
5 Potential credit risk amount of derivative financial assets and credit derivatives	28.212	35.331
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	137.622	105.510
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	472.764	303.792
8 Risk amount arising from intermediary transactions	-	-
9 Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	472.764	303.792
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	16.187.465	13.863.342
11 (Correction amount due to multiplication with credit conversion rates)	-	-
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	16.187.465	13.863.342
<b>Capital and total risk</b>		
13 Core Capital	3.936.228	3.943.968
14 Total risk amount (sum of lines 3, 6, 9 and 12)	96.527.492	85.720.841
<b>Leverage ratio</b>		
15 Leverage ratio (%)	4,08	4,61

(\*) 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:**

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

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**IX. Explanations on consolidated risk management:**

Notes and explanations in this section have been prepared in accordance with the Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks that have been published in Official Gazette numbered 29511 dated October 23, 2015 and became effective as of March 31, 2016. The following tables which have to be presented on a quarterly basis have not been presented dated June 30, 2021 since the Bank's use the standard approach for the calculation of capital adequacy:

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

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

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

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

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

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	35.645.709	34.772.045	2.851.657
2	Standardised approach (SA)	35.645.709	34.772.045	2.851.657
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	28.546	12.162	2.284
5	Standardised approach for counterparty credit risk (SA-CCR)	28.546	12.162	2.284
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	2.671.551	2.064.728	213.724
17	Standardised approach (SA)	2.671.551	2.064.728	213.724
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	3.513.036	2.944.024	281.043
20	Basic Indicator Approach	3.513.036	2.944.024	281.043
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>41.858.842</b>	<b>39.792.959</b>	<b>3.348.708</b>

**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	2.236.512	45.864.301	2.019.496	46.081.317
2 Debt securities	-	11.303.143	12.935	11.290.208
3 Off-balance sheet exposures	123.951	16.138.610	25.561	16.237.000
<b>4 Total</b>	<b>2.360.463</b>	<b>73.306.054</b>	<b>2.057.992</b>	<b>73.608.525</b>

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

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

	Current Period	Prior Period
<b>1 Defaulted loans and debt securities at end of the previous reporting period</b>	<b>2.107.148</b>	<b>2.289.941</b>
2 Loans and debt securities that have defaulted since the last reporting period	523.555	1.657.706
3 Receivables back to non-defaulted status	(7.509)	(1.172.677)
4 Amounts written off	(134.576)	(53.145)
5 Other changes	(128.155)	(614.677)
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)</b>	<b>2.360.463</b>	<b>2.107.148</b>

**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:**

<b>Current Period</b>		<b>Exposures unsecured: carrying amount as per TAS</b>	<b>Exposures secured by collateral</b>	<b>Collateralized amount of exposures secured by collateral</b>	<b>Exposures secured by financial guarantees</b>	<b>Collateralized amount of exposures secured by financial guarantees</b>	<b>Exposures secured by credit derivatives</b>	<b>Collateralized amount of exposures secured by credit derivatives</b>
1	Loans	31.907.142	14.174.175	10.353.045	3.538.992	2.315.968	-	-
2	Debt securities	11.290.208	-	-	-	-	-	-
3	<b>Total</b>	<b>43.197.350</b>	<b>14.174.175</b>	<b>10.353.045</b>	<b>3.538.992</b>	<b>2.315.968</b>	<b>-</b>	<b>-</b>
4	Of which defaulted	650.384	210.591	160.254	1.481	476	-	-

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

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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
<b>Risk classes</b>						
1 Receivables from central governments or central banks	14.019.772	831	14.185.259	342	87	0,00%
2 Receivables from regional or local governments	182.482	-	183.942	-	91.241	49,60%
3 Receivables from administrative units and non-commercial enterprises	23.369	55.246	23.346	25.218	30.198	62,18%
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	4.087.083	1.016.175	4.198.278	925.818	1.726.195	33,69%
7 Receivables from corporates	18.931.115	7.272.720	18.742.735	3.803.104	22.116.318	98,09%
8 Retail receivables	5.033.817	5.731.936	4.944.546	2.079.490	5.056.830	71,99%
9 Receivables secured by mortgages on property	2.897.814	164.037	2.897.496	56.200	1.049.559	35,53%
10 Receivables secured by mortgages on commercial property	2.844.204	885.840	2.844.204	447.976	1.678.735	50,99%
11 Past due receivables	492.976	-	492.826	-	461.912	93,73%
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	6.744.495	14.096	6.744.495	2.803	3.321.359	49,23%
17 Equity share investments	113.275	-	113.275	-	113.275	100%
<b>18 Total</b>	<b>55.370.402</b>	<b>15.140.881</b>	<b>55.370.402</b>	<b>7.340.951</b>	<b>35.645.709</b>	<b>56,84%</b>



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

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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	14.185.183	-	-	-	331	-	87	-	-	-	14.185.601
2	Exposures to regional and local government	-	-	-	-	183.942	-	-	-	-	-	183.942
3	Exposures to administrative bodies and non-commercial entities	513	-	22.315	-	-	-	25.736	-	-	-	48.564
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	1.099.868	-	2.685.697	-	187.757	-	1.150.774	-	-	-	5.124.096
7	Exposures to corporates	274.316	-	228.246	-	56.464	-	21.986.813	-	-	-	22.545.839
8	Retail exposures	157.315	-	170.917	-	-	6.695.804	-	-	-	-	7.024.036
9	Exposures secured by residential property	4.230	-	4.321	2.898.815	24.439	-	21.891	-	-	-	2.953.696
10	Exposures secured by commercial property	-	-	-	-	3.226.888	-	65.292	-	-	-	3.292.180
11	Past-due items	225	-	4	-	219.516	-	115.089	157.992	-	-	492.826
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	2.445.368	-	1.225.713	-	-	-	3.076.217	-	-	-	6.747.298
17	Equity share investments	-	-	-	-	-	-	113.275	-	-	-	113.275
18	Total	18.167.018	-	4.337.213	2.898.815	3.899.337	6.695.804	26.555.174	157.992	-	-	62.711.353

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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	12.726.101	-	-	-	62.358	-	96	-	-	-	12.788.555
2	Exposures to regional and local government	-	-	-	-	263.708	-	-	-	-	-	263.708
3	Exposures to administrative bodies and non-commercial entities	508	-	14.208	-	-	-	56.938	-	-	-	71.654
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Exposures to banks and brokerage houses	5.103	-	2.834.996	-	159.870	-	1.617.050	-	-	-	4.617.019
7	Exposures to corporates	206.881	-	238.322	-	193.654	-	21.321.781	-	-	-	21.960.638
8	Retail exposures	136.943	-	161.768	-	-	6.668.963	-	-	-	-	6.967.674
9	Exposures secured by residential property	2.467	-	2.726	1.293.696	4.282	-	590	-	-	-	1.303.761
10	Exposures secured by commercial property	-	-	-	-	2.535.596	-	48.629	-	-	-	2.584.225
11	Past-due items	56	-	4	-	144.754	-	180.881	188.711	-	-	514.406
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	-	-	-	-	-	-	2.603	-	-	-	2.603
16	Other exposures	2.241.660	-	793.938	-	-	-	3.215.914	-	-	-	6.251.512
17	Equity share investments	-	-	-	-	-	-	98.679	-	-	-	98.679
18	Total	15.319.719	-	4.045.962	1.293.696	3.364.222	6.668.963	26.543.161	188.711	-	-	57.424.434

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**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 <sup>(*)</sup>	Alpha used for computing regulatory exposure at default	EAD post-CRM	RWA
1	Standardised Approach - CCR (for derivatives)	73.743	24.321		-	98.064	20.311
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	<b>Total</b>						<b>20.311</b>

<sup>(\*)</sup> Effective Expected Positive Exposure

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

<sup>(\*)</sup> 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 3xmultiplier)		-		-
2	(ii) Stressed VaR component (including the 3xmultiplier)		-		-
3	All portfolios subject to the Standardised CVA capital obligation	98.064	8.235	50.155	2.821
4	<b>Total subject to the CVA capital obligation</b>	<b>98.064</b>	<b>8.235</b>	<b>50.155</b>	<b>2.821</b>

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

Current Period	Risk Weighted								Total credit exposure <sup>(*)</sup>
Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other	
Exposures to sovereigns and their central banks	58.006	-	-	-	-	-	-	-	58.006
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	-	-	1.985	36.319	-	-	-	-	38.304
Exposures to corporates	-	-	-	-	-	1.754	-	-	1.754
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	58.006	-	1.985	36.319	-	1.754	-	-	98.064

(\*) 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:**

Prior Period	Risk Weighted									Total credit exposure <sup>(*)</sup>
Risk Classes	0%	10%	20%	50%	75%	100%	150%	Other		
Exposures to sovereigns and their central banks	38.142	-	-	-	-	-	-	-	38.142	
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	-	-	2.746	951	-	-	-	-	3.697	
Exposures to corporates	-	-	-	-	-	8.316	-	-	8.316	
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	38.142	-	2.746	951	-	8.316	-	-	50.155	

<sup>(\*)</sup> 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	-	4.072	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
<b>Total</b>	-	<b>4.072</b>	-	-	-	-

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

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

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

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

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

**d. Consolidated securitization explanations:**

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

**e. Consolidated market risk**

**e.1. Qualitative disclosure on market risk:**

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
<b>Outright products<sup>(1)</sup></b>			
1	Profit rate risk (general and specific)	1.229.272	487.590
2	Equity risk (general and specific)	176.209	226.818
3	Foreign exchange risk	993.800	1.226.213
4	Commodity risk	272.270	124.107
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
<b>9</b>	<b>Total</b>	<b>2.671.551</b>	<b>2.064.728</b>

<sup>(1)</sup> 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.

<b>Current Period</b>	<b>Retail</b>	<b>Commercial and Corporate</b>	<b>Treasury</b>	<b>Undistributed</b>	<b>Total</b>
Operating Income (Net)	(99.325)	981.421	586.358	138.210	1.606.664
Operating Expenses	(586.682)	(633.104)	(307.457)	5.248	(1.521.995)
Operating Income/Expenses	(686.007)	348.317	278.901	143.458	84.669
Profit/(Loss) Before Tax	(686.007)	348.317	278.901	143.458	84.669
Tax Expense	-	-	-	29.302	29.302
<b>Current Year Profit/(Loss)</b>	<b>(686.007)</b>	<b>348.317</b>	<b>278.901</b>	<b>172.760</b>	<b>113.971</b>
<b>Total Assets</b>	<b>4.003.607</b>	<b>44.020.827</b>	<b>27.834.954</b>	<b>4.488.380</b>	<b>80.347.768</b>
<b>Total Liabilities</b>	<b>40.747.426</b>	<b>25.492.239</b>	<b>9.616.417</b>	<b>4.491.686</b>	<b>80.347.768</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Commercial and Corporate</b>	<b>Treasury</b>	<b>Undistributed</b>	<b>Total</b>
Operating Income (Net)	(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)
<b>Current Year Profit/(Loss)</b>	<b>(690.566)</b>	<b>561.047</b>	<b>255.142</b>	<b>(52.650)</b>	<b>72.973</b>
<b>Total Assets</b>	<b>4.029.989</b>	<b>38.607.745</b>	<b>23.912.672</b>	<b>2.969.605</b>	<b>69.520.011</b>
<b>Total Liabilities</b>	<b>33.945.848</b>	<b>20.068.499</b>	<b>11.271.373</b>	<b>4.234.291</b>	<b>69.520.011</b>



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**SECTION FIVE**

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	152.752	1.909.669	153.161	1.304.238
CBRT	927.675	10.658.279	1.100.016	9.074.885
Other <sup>(*)</sup>	135.437	1.520.755	117.876	1.494.256
<b>Total</b>	<b>1.215.864</b>	<b>14.088.703</b>	<b>1.371.053</b>	<b>11.873.379</b>

<sup>(\*)</sup> Includes precious metals amounting to TL 299.829 (December 31, 2020: TL 768.007) and cash in transit amounting to TL 1.356.363 (December 31, 2020: TL 844.125) as of June 30, 2021.

**b. Information related to CBRT:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	894.141	1.639.478	1.092.052	2.012.553
Unrestricted time deposit	-	-	-	-
Restricted time deposit <sup>(*)</sup>	33.534	9.018.801	7.964	7.062.332
<b>Total</b>	<b>927.675</b>	<b>10.658.279</b>	<b>1.100.016</b>	<b>9.074.885</b>

<sup>(\*)</sup> As of June 30, 2021, the reserve requirement held in standard gold is TL 2.233.436 (December 31, 2020: TL 1.885.797)

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

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

As of June 30, 2021, the compulsory rates for the reserve deposits for Turkish Lira are implemented within an interval from 4% to 9% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6% to 23% depending on maturity of deposits and other liabilities.

In accordance with the "Communiqué Regarding the Reserve Requirements", the income ratio is 13,50 % for TL reserves.

**c.1. Information on banks:**

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic <sup>(*)</sup>	1.192.088	858.496	781.048	1.427.679
Abroad	-	1.422.314	-	1.206.414
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>1.192.088</b>	<b>2.280.810</b>	<b>781.048</b>	<b>2.634.093</b>

<sup>(\*)</sup> Includes blockaged amount TL 1.102.050 (December 31, 2020: TL 764.198) booked under TL accounts arising from POS transactions

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

**c.2. Information on foreign bank accounts:**

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

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

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

As of June 30, 2021, there is not any amount subject to repurchase agreements (December 31, 2020: TL 427.455).

As of June 30, 2021, the collateralized /blocked nominal amount is TL 28.768 (December 31, 2020: TL 5.655).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk	695.419	4.685.591	711.417	3.235.680
Equity Securities	18.466	13.540	12.921	10.774
Others	1.117	13.786	86	11.395
<b>Total</b>	<b>715.002</b>	<b>4.712.917</b>	<b>724.424</b>	<b>3.257.849</b>

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

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

As of June 30, 2021, there is not any amount subject to repurchase agreements (December 31, 2020: TL 161.208).

As of June 30, 2021, the collateralized/blocked nominal amount is TL 99.016 (December 31, 2020: None).

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

	Current Period	Prior Period
<b>Debt securities</b>	<b>866.224</b>	<b>1.053.922</b>
Quoted on a stock exchange	866.224	1.053.922
Unquoted	-	-
<b>Investment Funds</b>	<b>-</b>	<b>2.602</b>
Quoted on a stock exchange	-	-
Unquoted	-	2.602
<b>Share certificates</b>	<b>18.830</b>	<b>16.864</b>
Quoted on a stock exchange	-	-
Unquoted	18.830	16.864
<b>Impairment provision (-)</b>	<b>6.140</b>	<b>2.811</b>
<b>Total</b>	<b>878.914</b>	<b>1.070.577</b>

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

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

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

As of June 30, 2021, nominal amounts subject to repurchase agreements is TL 8.514 (December 31, 2020: 421.831)

As of June 30, 2021, the collateralized/blocked nominal amount is TL 357.485. (December 31, 2020: TL 290.072).

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

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities <sup>(*)</sup>	5.114.904	3.224.800
<b>Total</b>	<b>5.114.904</b>	<b>3.224.800</b>

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

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

	Current Period	Prior Period
Debt Securities	5.114.904	3.224.800
Quoted on a stock exchange	5.114.904	3.224.800
Unquoted	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>5.114.904</b>	<b>3.224.800</b>

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

	Current Period	Prior Period
Balance at beginning of period	3.224.800	1.994.319
Foreign currency differences on monetary assets	265.270	424.544
Purchases during period <sup>(*)</sup>	2.805.047	1.740.999
Disposals through sales and redemptions <sup>(*)</sup>	(1.192.045)	(957.473)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	11.832	22.411
<b>Closing balance</b>	<b>5.114.904</b>	<b>3.224.800</b>

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

**5. Information on derivative financial assets:**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	788	-	5.725	-
Swap Transactions	50.411	21.286	7.959	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>51.199</b>	<b>21.286</b>	<b>13.684</b>	<b>-</b>

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

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

**6. Information on loans:**

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	26.230	883	119.171	12.696
Corporate shareholders	22.250	533	114.657	12.346
Real person shareholders	3.980	350	4.514	350
Indirect loans granted to shareholders	915.178	110.841	818.807	34.537
Loans granted to employees	24.729	39.800	16.439	2.000
<b>Total</b>	<b>966.137</b>	<b>151.524</b>	<b>954.417</b>	<b>49.233</b>

**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	Loans with revised contract terms	Restructured
Cash Loans	Standard loans			Refinancing
<b>Loans</b>	<b>41.735.192</b>	<b>1.579.057</b>	<b>1.305.068</b>	<b>703.075</b>
Export loans	3.113.192	18.348	-	-
Import loans	3.145.008	28.503	-	-
Business loans	18.986.863	1.412.174	1.012.320	695.554
Consumer loans	3.767.002	62.170	4.186	-
Credit cards	550.370	3.477	428	-
Loans given to financial sector	1.389.647	-	-	-
Other <sup>(*)</sup>	10.783.110	54.385	288.134	7.521
Other receivables	-	-	-	-
<b>Total</b>	<b>41.735.192</b>	<b>1.579.057</b>	<b>1.305.068</b>	<b>703.075</b>

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

Commercial loans with installments	2.873.736
Other investment credits	1.776.107
Loans given to abroad	2.629.173
Profit and loss sharing investments <sup>(**)</sup>	3.378.581
Loans for purchase of marketable securities for customer	385.580
Other	89.973

<b>Total</b>	<b>11.133.150</b>
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<sup>(\*\*)</sup> As of June 30, 2021, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Parent Bank. As of June 30, 2021, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss based on December 31, 2020 valuation studies. Total cumulative valuation profit is TL 271.089 and valuation loss is TL 47.112 for profit and loss sharing investments.

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**I. Explanations and notes related to 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 Rescheduling	Amendments to the Terms of Contracts	Refinancing
Cash Loans	Standard Loans			
<b>Loans</b>	<b>36.496.370</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>
Export loans	2.135.811	7.051	-	-
Import loans	2.767.225	26.060	29.495	-
Business loans	16.728.565	1.471.553	825.171	676.532
Consumer loans	3.783.301	60.337	15.812	-
Credit cards	452.167	2.326	-	-
Loans given to financial sector	1.625.242	-	-	-
Other <sup>(*)</sup>	9.004.059	50.256	309.957	39.608
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>36.496.370</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>

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

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

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

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

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	132.224	-
Significant Increase in Credit Risk	-	464.621
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	159.543	-
Significant Increase in Credit Risk	-	425.114

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

**6. Information on loans (continued):**

**c. Maturity analysis of cash loans:**

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

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Consumer loans-TL</b>	<b>32.605</b>	<b>3.780.761</b>	<b>3.813.366</b>
Housing loans	11.199	3.252.147	3.263.346
Vehicle loans	11.978	372.648	384.626
Consumer loans	9.428	155.966	165.394
Other	-	-	-
<b>Consumer loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	<b>230</b>	<b>983</b>	<b>1.213</b>
Housing loans	230	983	1.213
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>134.982</b>	<b>135</b>	<b>135.117</b>
With installment	43.027	118	43.145
Without installment	91.955	17	91.972
<b>Retail credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>16.877</b>	<b>1.902</b>	<b>18.779</b>
Housing loans	-	463	463
Vehicle loans	72	1.289	1.361
Consumer loans	16.805	150	16.955
Other	-	-	-
<b>Personnel loans-FC indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>5.934</b>	<b>16</b>	<b>5.950</b>
With installment	2.648	15	2.663
Without installment	3.286	1	3.287
<b>Personnel credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (real person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>190.628</b>	<b>3.783.797</b>	<b>3.974.425</b>

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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):**

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

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

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>249.435</b>	<b>2.201.651</b>	<b>2.451.086</b>
Business loans	10.226	468.503	478.729
Vehicle loans	211.566	1.369.561	1.581.127
Consumer loans	27.643	363.587	391.230
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>78.226</b>	<b>78.226</b>
Business loans	-	63.994	63.994
Vehicle loans	-	6.181	6.181
Consumer loans	-	8.051	8.051
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>2.679</b>	<b>341.745</b>	<b>344.424</b>
Business loans	-	80.904	80.904
Vehicle loans	2.679	226.302	228.981
Consumer loans	-	34.539	34.539
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>410.563</b>	<b>2.217</b>	<b>412.780</b>
With installment	125.769	1.982	127.751
Without installment	284.794	235	285.029
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (legal entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (legal entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>662.677</b>	<b>2.623.839</b>	<b>3.286.516</b>

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>168.471</b>	<b>1.764.204</b>	<b>1.932.675</b>
Business loans	6.845	442.011	448.856
Vehicle loans	118.689	990.948	1.109.637
Consumer loans	42.937	331.245	374.182
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>115.144</b>	<b>115.144</b>
Business loans	-	65.599	65.599
Vehicle loans	-	9.475	9.475
Consumer loans	-	40.070	40.070
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>1.108</b>	<b>266.139</b>	<b>267.247</b>
Business loans	391	96.700	97.091
Vehicle loans	717	117.604	118.321
Consumer loans	-	51.835	51.835
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>331.660</b>	<b>872</b>	<b>332.532</b>
With installment	108.231	825	109.056
Without installment	223.429	47	223.476
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>501.239</b>	<b>2.146.359</b>	<b>2.647.598</b>



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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	42.693.219	37.612.789
Foreign loans	2.629.173	2.397.739
<b>Total</b>	<b>45.322.392</b>	<b>40.010.528</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Subsidiaries and Associates	21	-	2	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
<b>Total</b>	<b>21</b>	<b>-</b>	<b>2</b>	<b>-</b>

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

	Current Period	Prior Period
Loans with limited collectability	172.638	133.510
Loans with doubtful collectability	67.251	92.404
Uncollectible loans	1.135.648	1.022.036
<b>Total</b>	<b>1.375.537</b>	<b>1.247.950</b>

Specific provisions in the amount of TL 1.375.537 (December 31, 2020: TL 1.247.950) comprise TL 464.546 (December 31, 2020: TL 441.674) of participation account share of loans provided from participation accounts.

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

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
<b>Current period</b>			
Gross amount before specific provisions	-	1.332	82.229
Restructured loans	-	1.332	82.229
<b>Prior period</b>			
	-	2.074	80.452
(Gross amount before specific provisions)	-	2.074	80.452
Restructured loans and other receivables	-	2.074	80.452

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Current Period</b>			
<b>Closing balance of prior period</b>	193.865	240.360	1.611.051
Additions in the current period (+)	69.867	98.945	354.743
Transfers from other categories of non-performing loans (+)	-	48.248	222.622
Transfers to other categories of non-performing loans (-)	48.248	222.622	-
Collections in the current period (-)	8.633	22.108	159.493
Transfers to standard loans and write off (-) <sup>(*)</sup>	4.111	3.115	134.859
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>202.740</b>	<b>139.708</b>	<b>1.894.064</b>
Provisions (-)	172.638	67.251	1.135.648
<b>Net balance at the balance sheet</b>	<b>30.102</b>	<b>72.457</b>	<b>758.416</b>

<sup>(\*)</sup> According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 7.509 and the written off amount is TL 134.576. These transactions' impact to NPL ratio is 28 basis point. As stated in Note VIII "Expected Credit Losses", The Parent Bank has reclassified TL 1.092.914 as performing loans classified as non-performing loans before July 31, 2020 by approximation. As of June 30, 2021, the Parent Bank has continued to classify TL 501.319 of these loans in performing loans accounts and allocate provisions amounting to TL 321.209 for them.

Non-performing loans in the amount of TL 2.236.512 comprise TL 939.012 of participation account share of loans provided from participation accounts.

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

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

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

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Current period:</b>			
Period end balance	165.512	28.961	502.466
Provision (-)	145.550	17.521	428.347
<b>Net balance</b>	<b>19.962</b>	<b>11.440</b>	<b>74.119</b>
<b>Prior period:</b>			
Period end balance	147.246	57.915	403.144
provision (-)	113.479	36.969	352.207
<b>Net balance</b>	<b>33.767</b>	<b>20.946</b>	<b>50.937</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Current period (net)</b>	<b>30.102</b>	<b>72.457</b>	<b>758.416</b>
Loans to individuals and corporates (gross)	202.740	139.708	1.894.064
Provision (-)	172.638	67.251	1.135.648
<b>Loans to individuals and corporates (net)</b>	<b>30.102</b>	<b>72.457</b>	<b>758.416</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (net)</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>
Loans to individuals and corporates (gross)	193.865	240.360	1.611.051
Provision (-)	133.510	92.404	1.022.036
<b>Loans to individuals and corporates (net)</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans (gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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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
<b>Current Period (Net)</b>	<b>15.137</b>	<b>16.361</b>	<b>221.370</b>
Profit Share Accruals and Valuation Differences	15.137	28.958	386.992
Provision (-)	-	12.597	165.622
<b>Prior Period (Net)</b>	<b>10.116</b>	<b>43.507</b>	<b>139.389</b>
Profit Share Accruals and Valuation Differences	17.782	48.384	264.252
Provision (-)	7.666	4.877	124.863

**I. Liquidation policy for 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	97.112	87.048	84.351	75.566
1 to 4 years	414.794	378.594	281.824	261.742
More than 4 years	30.037	29.153	27.587	22.841
<b>Total</b>	<b>541.943</b>	<b>494.795</b>	<b>393.762</b>	<b>360.149</b>

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

	Current Period	Prior Period
Financial lease receivables (Gross)	541.943	393.762
Unearned financial lease receivable (-)	47.148	33.613
<b>Net receivable from financial leases</b>	<b>494.795</b>	<b>360.149</b>

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

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

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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
<b>Current Period</b>				
Financial lease receivables (Net)	448.373	31.771	14.651	-
<b>Prior Period</b>				
Financial lease receivables (Net)	338.708	2.709	18.732	-

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

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

	Current Period	Prior Period
Opening Balance	131.050	124.480
Additions	164.085	248.530
Disposals	(48.747)	(142.005)
Transfers <sup>(*)</sup>	(44.049)	(98.357)
Impairment Provision (-)/Reversal of Impairment Provision <sup>(*)</sup>	(46.235)	(1.598)
<b>Net closing balance</b>	<b>156.104</b>	<b>131.050</b>

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

As of June 30, 2021, TL 155.732 (December 31, 2020: TL 131.042) of the assets held for sale is comprised of real estates, TL 372 (December 31, 2020: TL 8) is comprised of other tangible assets. The Parent Bank has not any discontinued operations and assets of discontinued operations.

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

**9. Ownership investments:**

**a. Associates:**

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

None (December 31, 2020: None).

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

None (December 31, 2020: None).

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

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

The subsidiaries Albaraka Teknoloji Bilişim Sistemleri A.Ş., İnsha Ventures Teknoloji Geliştirme ve Pazarlama A.Ş and Albaraka Kültür Sanat ve Yayımcılık A.Ş of Parent Bank controlled Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Fonu have not been consolidated since they are non-financial subsidiaries. The unreviewed financial statements related to those companies as of June 30, 2021 is as follows:

Title	Operation Center (City/Country)	Main Activities	Capital	Share Percentage of the Fund (%)	Fair value of the amount invested by the Fund
Albaraka Teknoloji Bilişim Sistemleri A.Ş.	İstanbul / Turkey	Information Technologies	33.000	100	38.515
İnsha Ventures Teknoloji Geliştirme ve Paz. A.Ş.	İstanbul / Turkey	Information Technologies	10.000	100	9.792
Albaraka Kültür Sanat ve Yayımcılık A.Ş	İstanbul / Turkey	Publication	7.000	100	4.153

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

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

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

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

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

The balances of Natura Gıda Sanayi ve Ticaret A.Ş. presented in the table below have been obtained from the audited financial statements as of December 31, 2019.

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss
422.806	(226.068)	254.038	-	-	(28.002)	(717.572)

**b.2. Information on consolidated subsidiaries:**

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

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

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
5.117.743	174	-	-	-	2	112	-

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

**9. Ownership investments (continued):**

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

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

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
51	50	-	-	-	-	-	-

iii) In the Board of Directors meeting dated February 25, 2015, the 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, 2021, the capital of the company is TL 45.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from reviewed financial statements as of June 30, 2021.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
64.270	60.772	1.206	-	-	13.117	395	-



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

**9. Ownership investments (continued):**

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

**iv)** As of June 30, 2021, unreviewed 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
€ 1.109.787	€ 425.291	-	-	-	€ (212.251)	€ (2.298.239)	-

**v) Movement and Sectoral Information on consolidated subsidiaries:**

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

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

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

**9. Ownership investments (continued):**

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

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

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

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

The Parent Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") a private pension and insurance company through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. As of June 30, 2021, Katılım Emeklilik ve Hayat A.Ş. has been consolidated by the Parent Bank using equity method. The financial data from reviewed financial statements as of June 30, 2021 are below:

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	329.994	4.276.883	4.298.366	140.178	(112.340)

**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, 2021 are as follows:

Investment Funds	Share of Parent Bank (%)	Share of Group (%)	Investment Amount of the Parent Bank or the Group	Income	Expenses	Net Profit /(Loss)
Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu <sup>(*)</sup>	5,95	5,95	28.810	17.043	11.771	5.272
Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu <sup>(*)</sup>	16,51	16,51	66.891	32.378	9.316	23.062
Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu <sup>(*)</sup>	6,43	6,55	33.010	45.842	6.832	39.010
Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu <sup>(*)</sup>	1,93	1,93	6.248	4.226	2.750	1.476
Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu <sup>(*)</sup>	0,00	100,00	10.798	851	53	798
Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu <sup>(*)</sup>	2,09	2,09	4.699	638	3.134	(2.496)
Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu <sup>(*)</sup>	100,00	100,00	12.793	194	303	(109)
Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu <sup>(*)</sup>	0,00	50,01	10.203	2.861	158	2.703
Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu <sup>(*)</sup>	13,86	28,40	13.981	493	687	(194)
Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu <sup>(*)</sup>	12,73	12,73	6.376	4.130	562	3.568
Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Fonu <sup>(**)</sup>	0,00	44,10	2.164	326	60	266
Albaraka Portföy Yönetimi A.Ş. Kısa Vadeli Katılım Serbest Fonu <sup>(**)</sup>	0,00	87,78	398.509	51.237	6.978	44.259

<sup>(\*)</sup> Relevant financial data has been obtained from reviewed financial tables.

<sup>(\*\*)</sup> Relevant financial data has been obtained from unreviewed financial tables.

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

**10. Information on tangible assets:**

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

**11. Information on intangible assets:**

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

**12. Information on investment property:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment properties <sup>(*)</sup>	980.470	-	1.261.475	-
<b>Total</b>	<b>980.470</b>	<b>-</b>	<b>1.261.475</b>	<b>-</b>

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

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

As of June 30, 2021, the Group calculated net deferred tax asset of TL 305.451 (December 31, 2020: TL 191.360) by netting off deferred tax asset of TL 420.681 (December 31, 2020: TL 277.263) and deferred tax liability of TL 115.230 (December 31, 2020: TL 85.903) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	64.282	46.315
Provisions for retirement premium and vacation pay liabilities	31.857	28.974
Difference between carrying value and tax base of tangible assets (amortization differences)	41.319	33.517
Depreciation of tangible assets	51.250	42.304
Provisions for cases on trial	5.084	4.037
Provisions	58.679	63.397
Leasing profit share expenses	28.048	23.098
Other <sup>(*)</sup>	140.162	35.621
<b>Deferred tax asset</b>	<b>420.681</b>	<b>277.263</b>
Revaluation difference of property	23.847	24.803
Rediscount on profit share	21.495	9.333
Right of use assets	50.197	40.006
Derivative financial liabilities	14.497	2.737
Other	5.194	9.024
<b>Deferred tax liability</b>	<b>115.230</b>	<b>85.903</b>
<b>Deferred tax asset (net)</b>	<b>305.451</b>	<b>191.360</b>

<sup>(\*)</sup> Includes tax asset amounts to TL 126.118 calculated from net financial losses (December 31, 2020: TL 9.692). Since the Parent Bank has projections on that it will acquire adequate taxable income to deduct these amounts in the coming periods, it has recognized TL 126.118 as deferred tax asset.

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**13. Information related to deferred tax asset (continued):**

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

	<b>Current Period</b>	<b>Prior Period</b>
The year of 2014	42.138	42.138
The year of 2016	506.201	-
<b>Total</b>	<b>548.339</b>	<b>42.138</b>

**14. Information on other assets:**

As of the balance sheet date, the Group's other assets balance is TL 821.153 (December 31, 2020: TL 669.814) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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

**1. Information on funds collected:**

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

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>2.844.506</b>	-	-	-	-	-	-	-	<b>2.844.506</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	<b>3.003.729</b>	<b>2.809.511</b>	<b>4.468.403</b>	<b>134.884</b>	-	<b>24.235</b>	<b>475.728</b>	<b>13.583</b>	<b>7.926.344</b>
<b>III. Current Account other-TL</b>	<b>3.003.729</b>	-	-	-	-	-	-	-	<b>3.003.729</b>
Public Sector	73.822	-	-	-	-	-	-	-	73.822
Commercial Institutions	2.735.924	-	-	-	-	-	-	-	2.735.924
Other Institutions	140.880	-	-	-	-	-	-	-	140.880
Commercial and Other Institutions	42.977	-	-	-	-	-	-	-	42.977
Banks and Participation Banks	10.126	-	-	-	-	-	-	-	10.126
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	10.111	-	-	-	-	-	-	-	10.111
Participation Banks	13	-	-	-	-	-	-	-	13
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	<b>-</b>	<b>573.084</b>	<b>2.897.558</b>	<b>93.661</b>	<b>-</b>	<b>119.444</b>	<b>168.383</b>	<b>3</b>	<b>3.852.133</b>
Public Sector	-	15	1	-	-	-	-	-	16
Commercial Institutions	-	523.077	2.495.202	91.110	-	118.898	166.181	3	3.394.471
Other Institutions	-	49.666	397.812	1.162	-	546	2.202	-	451.388
Commercial and Other Institutions	-	326	4.513	1.389	-	-	-	-	6.228
Banks and Participation Banks	-	-	30	-	-	-	-	-	30
<b>V. Real Persons Current Accounts Non-Trade FC</b>	<b>8.530.989</b>	-	-	-	-	-	-	-	<b>8.530.989</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	<b>-</b>	<b>4.656.068</b>	<b>8.122.955</b>	<b>641.500</b>	<b>-</b>	<b>51.100</b>	<b>1.921.939</b>	<b>3.978</b>	<b>15.397.540</b>
<b>VII. Other Current Accounts FC</b>	<b>8.314.163</b>	-	-	-	-	-	-	-	<b>8.314.163</b>
Residents in Turkey-Corporate	6.020.290	-	-	-	-	-	-	-	6.020.290
Residents Abroad-Corporate	1.704.414	-	-	-	-	-	-	-	1.704.414
Banks and Participation Banks	589.459	-	-	-	-	-	-	-	589.459
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	588.476	-	-	-	-	-	-	-	588.476
Participation Banks	983	-	-	-	-	-	-	-	983
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	<b>-</b>	<b>941.354</b>	<b>4.022.292</b>	<b>221.805</b>	<b>-</b>	<b>107.218</b>	<b>25.097</b>	<b>1.161</b>	<b>5.318.927</b>
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	658.664	3.551.206	214.975	-	98.041	21.074	1.161	4.545.121
Other institutions	-	14.733	37.064	9	-	-	-	-	51.806
Commercial and Other Institutions	-	267.957	88.120	6.821	-	-	84	-	362.982
Banks and Participation Banks	-	-	345.902	-	-	9.177	3.939	-	359.018
<b>IX. Precious Metals Deposits</b>	<b>3.614.251</b>	<b>783.038</b>	<b>1.909.469</b>	<b>80.845</b>	<b>-</b>	<b>28.238</b>	<b>77.156</b>	<b>3.868</b>	<b>6.496.865</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>26.307.638</b>	<b>9.763.055</b>	<b>21.420.677</b>	<b>1.172.695</b>	<b>-</b>	<b>330.235</b>	<b>2.668.303</b>	<b>22.593</b>	<b>61.685.196</b>

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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
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>1.992.760</b>	-	-	-	-	-	-	-	<b>1.992.760</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>2.463.568</b>	<b>4.087.946</b>	<b>153.137</b>	-	<b>26.584</b>	<b>499.675</b>	<b>12.971</b>	<b>7.243.881</b>
<b>III. Current Account other-TL</b>	2.641.622	-	-	-	-	-	-	-	2.641.622
Public Sector	105.782	-	-	-	-	-	-	-	105.782
Commercial Institutions	2.402.073	-	-	-	-	-	-	-	2.402.073
Other Institutions	114.555	-	-	-	-	-	-	-	114.555
Commercial and Other Institutions	9.858	-	-	-	-	-	-	-	9.858
Banks and Participation Banks	9.354	-	-	-	-	-	-	-	9.354
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	9.338	-	-	-	-	-	-	-	9.338
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>453.346</b>	<b>2.943.387</b>	<b>32.117</b>	-	<b>8.231</b>	<b>74.024</b>	-	<b>3.511.105</b>
Public Sector	-	27	108	-	-	-	-	-	135
Commercial Institutions	-	381.191	2.683.571	25.207	-	7.715	70.716	-	3.168.400
Other Institutions	-	71.921	258.159	6.910	-	516	3.308	-	340.814
Commercial and Other Institutions	-	207	1.521	-	-	-	-	-	1.728
Banks and Participation Banks	-	-	28	-	-	-	-	-	28
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>6.905.657</b>	-	-	-	-	-	-	-	<b>6.905.657</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>3.833.633</b>	<b>6.121.580</b>	<b>554.465</b>	-	<b>33.262</b>	<b>1.521.954</b>	<b>5.708</b>	<b>12.070.602</b>
<b>VII. Other Current Accounts FC</b>	<b>8.115.810</b>	-	-	-	-	-	-	-	<b>8.115.810</b>
Residents in Turkey-Corporate	5.966.304	-	-	-	-	-	-	-	5.966.304
Residents abroad-Corporate	1.657.772	-	-	-	-	-	-	-	1.657.772
Banks and Participation Banks	491.734	-	-	-	-	-	-	-	491.734
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	485.347	-	-	-	-	-	-	-	485.347
Participation Banks	6.387	-	-	-	-	-	-	-	6.387
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	-	<b>691.876</b>	<b>2.067.408</b>	<b>57.440</b>	-	<b>14.922</b>	<b>19.547</b>	<b>983</b>	<b>2.852.176</b>
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	578.194	1.863.815	51.626	-	7.183	16.155	983	2.517.956
Other Institutions	-	19.257	38.631	8	-	-	-	-	57.896
Commercial and Other Institutions	-	94.425	164.962	5.806	-	-	71	-	265.264
Banks and Participation Banks	-	-	-	-	-	7.739	3.321	-	11.060
<b>IX. Precious Metals Deposits</b>	<b>3.503.447</b>	<b>729.848</b>	<b>1.795.960</b>	<b>85.342</b>	-	<b>14.686</b>	<b>73.309</b>	<b>1.164</b>	<b>6.203.756</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>23.159.296</b>	<b>8.172.271</b>	<b>17.016.281</b>	<b>882.501</b>	-	<b>97.685</b>	<b>2.188.509</b>	<b>20.826</b>	<b>51.537.369</b>

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

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

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

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

	Under the guarantee of Insurance Current Period	Under the guarantee of Insurance Prior Period	Exceeding the guarantee of Insurance Current Period	Exceeding the guarantee of Insurance Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	5.679.139	4.996.232	5.091.711	4.241.399
Foreign currency accounts	6.860.147	6.815.438	23.007.606	17.579.364
Foreign branches' deposits subject to foreign authorities' insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	131.827	101.643
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	20.935	17.468
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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

**2. Information on borrowings:**

**a.1. Information on types of borrowings:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	2.450.384	-	2.211.237
Other	69.112	719.124	72.778	775.870
<b>Total</b>	<b>69.112</b>	<b>3.169.508</b>	<b>72.778</b>	<b>2.987.107</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	69.112	297.796	72.778	392.353
Loans from foreign banks, institutions and funds	-	2.871.712	-	2.594.754
<b>Total</b>	<b>69.112</b>	<b>3.169.508</b>	<b>72.778</b>	<b>2.987.107</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	69.112	3.103.046	72.778	2.754.314
Medium and Long-Term	-	66.462	-	232.793
<b>Total</b>	<b>69.112</b>	<b>3.169.508</b>	<b>72.778</b>	<b>2.987.107</b>

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

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

**3. Information on securities issued:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Sukuk issued	4.249.292	-	4.042.163	-
<b>Total</b>	<b>4.249.292</b>	<b>-</b>	<b>4.042.163</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	1.538	-	3.850	-
Swap transactions	1.778	-	138.746	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>3.316</b>	<b>-</b>	<b>142.596</b>	<b>-</b>

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



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

**5. Lease payables:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	6.415	-	4.449	-
1 to 5 years	105.828	324	103.519	714
Over 5 years	204.907	15.656	206.716	12.997
<b>Total</b>	<b>317.150</b>	<b>15.980</b>	<b>314.684</b>	<b>13.711</b>

**6. Information on provisions:**

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

The Group's provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 134.963 (December 31, 2020: TL 121.163), vacation pay liability amounting to TL 21.149 (December 31, 2020: TL 13.709) totaling to TL 156.112 (December 31, 2020: TL 134.872). Provisions for performance premium has not been allocated in the current period (December 31, 2020: TL 11.000). The Group has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

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

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

	Current Period	Prior Period
Prior period ending balance	121.163	86.118
Change in the period	17.834	23.439
Actuarial (gain)/loss	-	22.642
Paid during the period	(4.034)	(11.036)
<b>Balance at the end of the period</b>	<b>134.963</b>	<b>121.163</b>

**b. Other provisions:**

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	17.589	26.446
Provisions allocated from profit shares to be distributed to profit sharing accounts	-	-
Third stage expected loss provision for unindemnified letter of guarantees	4.090	4.578
Third stage expected loss provision for cheques commitments	3.882	3.717
Provision for promotions related with credit cards and promotion of banking services	232	217
Provisions for cases on trial	25.418	20.183
Accrual for purchase and sale commitments	22	725
Other	814	786
<b>Total</b>	<b>52.047</b>	<b>56.652</b>

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

**6. Information on provisions:**

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

As of June 30, 2021, the provision for foreign exchange losses on foreign currency indexed loans and lease receivables is TL 2 (December 31, 2020: TL 1.325) has been offset against the loans and financial lease receivables included in the assets of the balance sheet.

**7. Information on taxes payable:**

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

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

As of June 30, 2021, the Group's corporate tax payable is TL 2.568 (December 31, 2020: TL 12.130) after offsetting prepaid corporate tax.

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

	Current Period	Prior Period
Corporate taxes payable	2.568	12.130
Banking insurance transaction tax	18.634	28.030
Taxation on securities income	14.066	14.122
Value added tax payable	2.053	2.224
Taxation on real estate income	621	548
Foreign exchange transaction tax	2.785	3.153
Income tax deducted from wages	10.206	10.656
Other	1.301	1.128
<b>Total</b>	<b>52.234</b>	<b>71.991</b>

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

	Current Period	Prior Period
Social security premiums-employee	6.242	5.615
Social security premiums-employer	6.851	6.227
Bank pension fund premium-employee	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	444	399
Unemployment insurance-employer	888	798
Other	-	-
<b>Total</b>	<b>14.425</b>	<b>13.039</b>

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

None (December 31, 2020: None).

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II	-	2.039.052	-	1.732.562
Subordinated loans	-	2.039.052	-	1.732.562
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.039.052</b>	<b>-</b>	<b>1.732.562</b>

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

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

None (December 31, 2020: None).

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

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

	Current Period	Prior Period
Common stock	1.350.000	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:**

There is no capital increase in the current period.

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

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

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

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

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

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

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

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

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

There is no privilege given to stocks representing the capital.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference <sup>(*)</sup>	(13.174)	5.690	(3.082)	5.308
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>(13.174)</b>	<b>5.690</b>	<b>(3.082)</b>	<b>5.308</b>

<sup>(\*)</sup> 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 381.841 (December 31, 2020: TL 310.576) has been recognized under prior years profit / loss.

**h. Information on minority shares:**

As of June 30, 2021, minority shares calculated for full-consolidated uncontrolled shares amount to TL 1.950.329 (December 31, 2020: TL 218.936).

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

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

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

	Current Period	Prior Period
Commitments for credit card limits	967.290	919.974
Payment commitments for cheques	819.317	667.621
Asset purchase and sale commitments	373.910	1.209.072
Loan granting commitments	604.315	429.887
Tax and funds liabilities arising from export commitments	14.015	13.538
Commitments for promotions related with credit cards and banking activities	509	398
Other irrevocable commitments	552	547
Other revocable commitments	25.500	4.000
<b>Total</b>	<b>2.805.408</b>	<b>3.245.037</b>

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

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

	Current Period	Prior Period
Letters of guarantees	10.183.766	9.202.929
Bank loans	86.215	49.363
Letters of credit	3.110.682	1.770.792
Other guaranties and sureties	76.490	98.747
<b>Total</b>	<b>13.457.153</b>	<b>11.121.831</b>

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

	Current Period	Prior Period
Letters of guarantees	10.183.766	9.202.929
Long standing letters of guarantees	6.837.927	5.865.414
Temporary letters of guarantees	463.429	445.644
Advance letters of guarantees	641.548	551.308
Letters of guarantees given to customs	548.709	564.615
Letters of guarantees given for obtaining cash loans	1.692.153	1.775.948
Sureties and similar transactions	76.490	98.747
<b>Total</b>	<b>10.260.256</b>	<b>9.301.676</b>

**c. Within the non-cash loans:**

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

	Current Period	Prior Period
Non-cash loans given against cash loans	1.692.153	1.775.948
With original maturity of 1 year or less	483.164	445.879
With original maturity of more than 1 year	1.208.989	1.330.069
Other non-cash loans	11.765.000	9.345.883
<b>Total</b>	<b>13.457.153</b>	<b>11.121.831</b>

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

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

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

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”.

**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
<b>Profit share received from loans<sup>(*)</sup></b>				
Short Term Loans	402.583	83.556	224.390	61.769
Medium and Long-Term Loans	923.514	370.038	695.750	373.507
Profit Share on Non-Performing Loans	60.176	1.972	51.543	1.925
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>1.386.273</b>	<b>455.566</b>	<b>971.683</b>	<b>437.201</b>

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	53.901	-	3.508	-
Domestic Banks	182	-	119	387
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>54.083</b>	<b>-</b>	<b>3.627</b>	<b>387</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss	68.437	36.389	26.452	15.208
Financial Assets Measured at Fair Value through Other				
Comprehensive Income	55.720	15.931	41.134	39.458
Financial Assets Measured at Amortised Cost	61.538	53.302	50.726	36.667
<b>Total</b>	<b>185.695</b>	<b>105.622</b>	<b>118.312</b>	<b>91.333</b>

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

None (June 30, 2020: None).

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

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

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

Current Period		Profit sharing accounts						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	152.484	245.395	8.521	-	1.630	29.824	730	438.584	
Public sector profit sharing accounts	2	1	-	-	-	-	-	3	
Commercial sector profit sharing accounts	33.486	205.181	11.389	-	12.538	2.751	-	265.345	
Other institutions profit sharing accounts	4.035	23.672	307	-	33	160	-	28.207	
Total	190.007	474.251	20.217	-	14.201	32.735	730	732.141	
FC									
Banks	389	1.282	-	-	84	37	-	1.792	
Real persons' non-trading profit sharing accounts	27.579	47.484	4.442	-	309	13.577	21	93.412	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	4.554	29.820	1.530	-	1.152	154	8	37.218	
Other institutions profit sharing accounts	727	1.480	53	-	-	1	-	2.261	
Precious metals deposits	732	2.407	127	-	45	165	4	3.480	
Total	33.981	82.473	6.152	-	1.590	13.934	33	138.163	
Grand total	223.988	556.724	26.369	-	15.791	46.669	763	870.304	
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	-	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	



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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	27.233	18	27.556
CBRT	-	-	-	-
Domestic banks	-	887	-	1.986
Foreign banks	-	26.346	18	25.570
Head offices and branches abroad	-	-	-	-
Other institutions	4.257	103.139	4.440	91.776
<b>Total</b>	<b>4.257</b>	<b>130.372</b>	<b>4.458</b>	<b>119.332</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to investments in associates and subsidiaries	605	-	295	-
<b>Total</b>	<b>605</b>	<b>-</b>	<b>295</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share expenses paid to marketable securities issued	414.287	-	121.970	-
<b>Total</b>	<b>414.287</b>	<b>-</b>	<b>121.970</b>	<b>-</b>

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	30.632	23.674
Clearing room fees and commissions	30.318	16.757
Commissions on money orders	23.485	12.537
Appraisal fees	6.560	7.757
Insurance and brokerage commissions	12.490	11.097
Checks and bills commissions	2.331	1.650
Safe deposit box commissions	1.557	1.196
Service pack commissions	5.715	2
Enquiry fees received	1.345	3.612
Fees and commissions from correspondent banks	2.188	728
Export credit commissions	4.482	1.308
Prepaid import commissions	21.951	2.588
Pledge Put and Mortgage Release Fees	1.118	8.330
Loan Limit Allocation Fees	12.342	1.964
Other	24.591	19.638
<b>Total</b>	<b>181.105</b>	<b>112.838</b>

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	5.252	3.836
Credit cards fees and commissions	15.834	10.497
Member firm-POS fees and commissions	16.176	14.450
Fees and commissions for Swift, EFT and money orders	34.108	9.086
Required Reserves Commissions for CBRT in Foreign currency	498	28.922
Other	10.287	10.193
<b>Total</b>	<b>82.155</b>	<b>76.984</b>

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

**4. Information on dividend income:**

None (June 30, 2020: None).

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

	Current Period	Prior Period
<b>Income</b>	<b>15.982.349</b>	<b>7.563.720</b>
Income from capital market transactions (*)	79.913	15.002
Income from derivative financial instruments	132.481	89.992
Foreign exchange income	15.769.955	7.458.726
<b>Loss (-)</b>	<b>15.993.382</b>	<b>7.504.771</b>
Loss on capital market transactions	93.242	5.125
Loss on derivative financial instruments	156.650	64.737
Foreign exchange losses	15.743.490	7.434.909
<b>Trading Income/Loss (net)</b>	<b>(11.033)</b>	<b>58.949</b>

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

	Current Period	Prior Period
Reversal of prior year provisions	397.468	113.838
Income from sale of assets	64.852	15.960
Communication income	9.630	6.637
Cheque book charges	1.443	984
Operating Lease Income	1.673	1.659
Real estate revaluation income(*)	36.978	12.405
Real estate rental income(*)	3.127	6.496
Real estate sales income(*)	-	12.194
Other income	8.170	7.707
<b>Total</b>	<b>523.341</b>	<b>177.880</b>

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

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

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

	Current Period	Prior Period
<b>Expected Credit Loss</b>	500.601	341.775
12 month expected credit loss (stage 1)	26.703	88.738
Significant increase in credit risk (stage 2)	121.129	31.531
Non-performing loans (stage 3)	352.769	221.506
<b>Marketable Securities Impairment Expense</b>	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
<b>Impairment Provision for Associates, Subsidiaries and Joint Ventures</b>	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
<b>Other (*)</b>	3.532	19.481
<b>Total</b>	<b>504.133</b>	<b>361.256</b>

Expected credit losses amount to TL 504.133 (June 30, 2020: TL 361.256) includes TL 297.189 (June 30, 2020: TL 163.276) 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	2.195	3.617
Third stage expected loss provision for unindemnified non- cash loans	-	346
Expected credit losses (stage 1) for banks	1.119	15.374
Profit and loss sharing investments' fair value provision	-	-
Expected credit losses (stage 1) for other financial assets	181	144
Provision for expected losses for securities measured at amortized cost	37	-
Vacation pay provision expenses(**)	7.440	3.198
Provisions allocated for financial assets measured at fair value through profit/loss (**)	3.487	861
Provisions for cases on trial (**)	5.235	18.296
<b>Total</b>	<b>19.694</b>	<b>41.836</b>

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Provision for retirement pay liability	13.800	10.200
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	55.809	54.574
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	15.264	9.822
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	46.471	-
Other business expenses	86.376	83.422
Leasing Expenses on TFRS 16 Exceptions	1.539	1.276
Maintenance and repair expenses	16.155	14.978
Advertisement expenses	1.858	3.979
Other expenses <sup>(*)</sup>	66.824	63.189
Loss on sale of assets	1.016	1.150
Other <sup>(**)</sup>	165.118	131.148
<b>Total</b>	<b>383.854</b>	<b>290.316</b>

<sup>(\*)</sup> Other expenses under "other business expenses" are provided as below:

	<b>Current Period</b>	<b>Prior Period</b>
Communication Expenses	17.813	13.522
Donations	6.524	11.680
Cleaning expenses	10.897	11.522
Heating, lighting and water expenses	7.188	8.190
Representation and Hosting expenses	3.332	2.817
Vehicle expenses	2.665	2.376
Lawsuit and court expenses	1.557	1.006
Movables Insurance Expenses	2.720	2.011
Stationery Expenses	1.268	1.450
Expense Share for Common Expenses	1.174	1.378
Group transportation costs	4.123	3.160
Other	7.563	4.077
<b>Total</b>	<b>66.824</b>	<b>63.189</b>

<sup>(\*\*)</sup> Details of "other" balance are provided as below:

	<b>Current Period</b>	<b>Prior Period</b>
Saving Deposit Insurance Fund	56.509	51.368
Taxes, Duties, Charges and Funds	46.719	28.796
Expertise and Information Expenses	9.120	10.302
Audit and Consultancy Fees	6.121	4.071
Institution and Union Participation Share Expense	7.433	7.563
Residence Expenses <sup>(*)</sup>	12.122	13.152
Shopping Mall expenses <sup>(*)</sup>	6.016	6.452
Real estate sales losses <sup>(*)</sup>	1.766	-
Other	19.312	9.444
<b>Total</b>	<b>165.118</b>	<b>131.148</b>

<sup>(\*)</sup> 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, 2021, the Parent Bank has deferred tax income of TL 218.143 (June 30, 2020: TL 77.775) and deferred tax expense of TL 184.443 (June 30, 2020: TL 101.818). The current tax provision is TL 4.398 (June 30, 2020: TL 2.162).

**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	69.554	1.847

**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 <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-Cash
<b>Loans</b>						
Balance at the beginning of the period	1	53	818.807	34.537	187	-
Balance at the end of the period	-	60	915.178	110.841	4	-
<b>Profit share and commission income received</b>	-	-	<b>31.953</b>	<b>56</b>	<b>3</b>	-

**b. Prior period:**

Risk Group of the Parent Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	3	5	632.926	27.308	27	-
Balance at end of period	1	53	818.807	34.537	187	-
<b>Profit share and commission income received</b>	-	-	<b>23.696</b>	<b>120</b>	-	-

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

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

Risk Group of the Parent Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (Business Partnerships)		Direct and indirect Shareholders of the Parent Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	35.342	13.955	271.125	831.442	12.518	11.073
Balance at the end of period	10.282	35.342	284.260	271.125	17.314	12.518
<b>Profit share expense</b>	<b>18</b>	<b>263</b>	<b>3</b>	<b>2.451</b>	<b>138</b>	<b>149</b>

<sup>(\*)</sup> As of June 30, 2021, wakala borrowings obtained from risk group of the Parent Bank through investment purpose wakala contracts amount to USD 35.658.208 and EUR 157.339.378 (December 31, 2020: USD 52.297.028 and EUR 146.469.895). The profit share expense relating to such borrowings for the period between January 1, 2021- June 30, 2021 is TL 12.551 (June 30, 2020: TL 2.894).

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**VII. Explanations related to the risk group of the Parent Bank (continued):**

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

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

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

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

As of June 30, 2021, the Group has paid TL 9.022 (June 30, 2020: TL 8.822) 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:**

None.

**X. Other Explanations**

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

None.

**ALBARAKA TRK KATILIM BANKASI A..**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
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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, 2021 have been reviewed by "Gney Baėımsız Denetim ve Serbest Muhasebeci Mali Mavirlik A.." (the member of the Ernst & Young Global Ltd.) and the reviewed report dated August 19, 2021 is presented at the beginning of the financial statements and related notes.

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

None.



**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
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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 62,12%, share of the domestic partners is 0,98% and publicly held share is 36,90%. Partnership structure of Albaraka Türk is the guarantee of the respect and trust we bear.

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

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

Albaraka Türk, started with the vision of being the best regional bank in offering financial products and services in Gulf, Middle East and North Africa geographies where its main partner ABG is carrying out business, is rendering fast, qualified and safe foreign trade (import, export and foreign exchange) services to its customers in more than 100 countries from Singapore to UK, South Africa to Morocco, Australia to Kazakhstan, by the wide correspondent net it has established with over the 1000 banks. Albaraka Türk, is an international Participation Bank adopted the mission of adding value to its customers, partners, employees and Turkey.

**2. Capital and Shareholders' Structure:**

Albaraka Türk's paid-up capital is TL 1.350.000 as of June 30, 2021.

<b>Shareholders' Structure of Albaraka Türk as of June 30, 2021</b>		
	<b>Share amount (TL)</b>	<b>Ratio (%)</b>
<b>Foreign Shareholders</b>	<b>838.604</b>	<b>62,12</b>
Albaraka Banking Group	489.961	36,29
Islamic Development Bank	207.585	15,38
Alharthy Family	105.861	7,84
Others	35.197	2,61
<b>Local Shareholders</b>	<b>13.290</b>	<b>0,98</b>
<b>Publicly Listed</b>	<b>498.106</b>	<b>36,90</b>
<b>Total</b>	<b>1.350.000</b>	<b>100,00</b>

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

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

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

OLD TEXT	NEW TEXT
<p><b>Bank's Capital Article 7:</b></p> <p>(1) The Bank has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and switched to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259.</p> <p>(2) The upper limit of the registered capital of the Bank is TL 2.500.000.000 TL (two billion and five hundred million Turkish Liras), divided into 2.500.000.000 registered nominative shares with a value of TL 1 (One) Turkish Lira each.</p> <p>(3) The permission given by the Capital Markets Board in relation to the upper limit of the registered capital shall be in effect for a 5-year period between 2017-2021. Even if the upper limit of the registered capital is not reached until the end of 2021, in order to make a decision by the Board of Directors to increase the share capital after 2021, it is obligatory to obtain authorization for a new time period not to exceed 5 (five) years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system.</p> <p>(4) The Bank's issued share capital is 1.350.000.000 TL, and this amount has been fully paid in cash being free of collusion.</p> <p>(5) The shares representing the Bank's Capital shall be traced on the basis of the records within the framework of the principles of dematerialization.</p>	<p><b>Bank's Capital Article 7:</b></p> <p>(1) The Bank has accepted the registered capital system pursuant to the provisions of the Capital Market Law, and switched to the registered capital system with the permission of the Capital Markets Board dated 06/03/2013 and numbered 7/259.</p> <p>(2) The upper limit of the registered capital of the Bank is TL 2.500.000.000 TL (two billion and five hundred million Turkish Liras), divided into 2.500.000.000 registered nominative shares with a value of TL 1 (One) Turkish Lira each.</p> <p>(3) The permission given by the Capital Markets Board in relation to the upper limit of the registered capital shall be in effect for a 5-year period between 2021-2025. Even if the upper limit of the registered capital is not reached until the end of 2025, in order to make a decision by the Board of Directors to increase the share capital after 2025, it is obligatory to obtain authorization for a new time period not to exceed 5 (five) years from the General Assembly for the previously permitted or a newly determined upper limit of the registered capital, after having been received the permission of Capital Markets Board. In case of failure in obtaining the said authorization, the Bank shall be deemed to be logged off from the registered capital system.</p> <p>(4) The Bank's issued share capital is 1.350.000.000 TL, and this amount has been fully paid in cash being free of collusion.</p> <p>(5) The shares representing the Bank's Capital shall be traced on the basis of the records within the framework of the principles of dematerialization</p>

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

**4. Branch and Personnel Information:**

As of June 30, 2021, total number of branches of the Bank is 230 and the total number of personnel is 3.316. Albaraka Türk carries out its activities with 228 domestic branches extended throughout the country and 2 branches abroad in Erbil and Baghdad.

**5. Board of Directors Chairman and Members<sup>(\*)</sup>:**

Name and surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Mazin Khairy Shaker MANNA	Chairman of BOD	Bachelor	2021	30
Süleyman KALKAN	Independent Member of BOD	Bachelor	2018	38
İbrahim Fayez Humaid ALSHAMSI	Member of BOD	Bachelor	2005	50
Ghassan AMODI	Independent Member of BOD	Bachelor	2020	27
Mustafa BÜYÜKABACI	Member of BOD	Master	2017	29
Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	2020	11
Prof.Dr. Kemal Varol	Member of BOD	Doctorate	2013	12
Mehmet Ali GÖKCE	Independent Member of BOD	Master	2020	35
Houssein BEN HAJ AMOR	Member of BOD	Bachelor	2020	22
Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	2020	28

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

**6. Top Management:**

Name and Surname	Administrative Function	Educational Degree	Start Date	Banking Experience
Melikşah UTKU	Member of BOD and CEO	Master	2016	17
Turgut SİMİTÇİOĞLU	Senior Assistant General Manager	Master	2017	31
Süleyman ÇELİK	Assistant General Manager	Bachelor	2017	32
Fatih BOZ	Assistant General Manager	Master	2017	23
Hasan ALTUNDAĞ	Assistant General Manager	Bachelor	2017	34
Malek Khodr TEMSAH	Assistant General Manager	Master	2017	18
Mustafa ÇETİN	Assistant General Manager	Bachelor	2018	24
Volkan EVCİL	Assistant General Manager	Bachelor	2017	31
Mehmet Fatih YORULMAZ	Assistant General Manager	Master	2020	4
Yasemin AYDIN	Director	Master	2020	19
Mehmet ULUDAĞ	Director	Master	2020	17

**7. Managers of Departments within Internal Systems**

Name and Surname	Professional Experience (Years)	Duration of Services at Albaraka Türk (Years)	Length of Services in His Area (Years)	Education	Field of Responsibility
Ahmet UYSAL	17	16	14	Master	Inspection
Umut ÇAKMAK	17	16	17	Bachelor	Risk Management
Ahmet Faruk DEĞİRMENCİ	14	14	14	Bachelor	Internal Control
Ahmet KOÇ	25	25	11	Bachelor	Regulation and Compliance

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Information on Interim Report (continued):**

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

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**AUDIT COMMITTEE**

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**Chairman:** Mustafa BÜYÜKABACI  
**Member:** Mehmet Ali GÖKCE  
**Member:** Housseem BEN HAJ AMOR

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**CREDIT COMMITTEE:**

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**Chairman:** Mazin Khairy Shaker MANNA  
**Member:** Süleyman KALKAN  
**Member:** Prof. Dr. Kemal VAROL  
**Member:** Melikşah UTKU  
**Reserve Member:** Mohamed Ali CHATTI  
**Reserve Member:** Housseem BEN HAJ AMOR

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**CORPORATE GOVERNANCE COMMITTEE:**

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

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**REMUNERATION COMMITTEE:**

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**Chairman:** Mazin Khairy Shaker MANNA  
**Member:** Mustafa BÜYÜKABACI  
**Member:** Süleyman KALKAN

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**SUSTAINABILITY AND SOCIAL RESPONSIBILITY COMMITTEE:**

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**Chairman:** Mehmet Ali GÖKCE  
**Member:** Ibrahim Fayez Humaid ALSHAMSI  
**Member:** Mohamed Ali CHATTI

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**EXECUTIVE COMMITTEE:**

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**Vice Chairman:** Mazin Khairy Shaker MANNA  
**Vice Chairman:** Süleyman KALKAN  
**Member:** Mustafa BÜYÜKABACI  
**Member:** Mehmet Ali GÖKCE  
**Member:** Prof. Dr. Kemal VAROL  
**Member:** Melikşah UTKU

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**INFORMATION TECHNOLOGIES GOVERNANCE COMMITTEE**

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**Chairman:** Melikşah UTKU  
**Member:** Hood Hashem Ahmed HASHEM

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**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Information on Interim Report (continued):**

**II. Bank's Financial Information and Evaluations:**

**1. Main Financial Figures:**

<b>ASSETS</b>	<b>Current Period</b>	<b>Prior Period</b>
Cash and Balances with The Central Bank	15.304.567	13.244.432
Banks	3.472.898	3.415.141
Financial Assets- Available For Sale (Net)	11.285.751	8.064.694
Loans and Receivables	47.558.904	42.055.804
Financial Leasing Receivables	494.795	360.149
Others	2.230.853	2.379.791
<b>TOTAL ASSETS</b>	<b>80.347.768</b>	<b>69.520.011</b>
<b>LIABILITIES</b>	<b>Current Period</b>	<b>Prior Period</b>
Funds Collected	61.685.196	51.537.369
Funds Borrowed	3.238.620	3.059.885
Securities Issued (Net)	4.249.292	4.042.163
Subordinated Loans	2.039.052	1.732.562
Shareholders' Equity	6.157.423	4.348.936
Others	2.978.185	4.799.096
<b>TOTAL LIABILITIES</b>	<b>80.347.768</b>	<b>69.520.011</b>
<b>INCOME AND EXPENSE ITEMS</b>	<b>Current Period</b>	<b>Prior Period</b>
Profit Share Income	2.203.368	1.631.820
Profit Share Expense	1.530.656	851.983
Net Profit Share Income/Expenses	672.712	779.837
Net Fees and Commissions Income/Expenses	170.462	100.139
Trading Income/Loss (Net)	(11.033)	58.949
Other Operating Income	523.341	177.880
Net Operating Income/ (Losses)	70.549	89.452
Tax Provision For Discontinued Operations (-+)	(29.302)	26.205
<b>NET PROFIT/LOSSES</b>	<b>113.971</b>	<b>72.973</b>
Earnings Per Share (Full TL)	<b>0,03</b>	<b>0,05</b>

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Information on Interim Report (continued):**

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

Dear Stakeholders,

A year and a half since its onset, the Coronavirus pandemic continues to be at the top of the agenda in 2021. Although vaccination activities gain momentum all over the world and reduce the rate of hospitalization, the emergence of different variants of the virus poses a risk to the overall course of the pandemic. While global expectations have improved compared to 2020, they remain uncertain, as new variants and a rising number of cases are causing concern despite increased vaccination.

Even though, the global economy is poised to stage its most robust post-recession recovery, the rebound is expected to be uneven across countries. The outlook depends not only on the outcome of the war between viruses and vaccines, but also on how effectively economic policies implemented under high uncertainty can limit the lasting damage of this unprecedented crisis.

Global growth is expected to accelerate to 5.6% this year, largely on the strength in major economies. While growth for almost every region of the world has been revised upward for 2021, many continue to grapple with COVID-19 and what is likely to be its long shadow. A more persistent pandemic, a wave of corporate bankruptcies, financial stress, or even social unrest could derail the recovery. At the same time, more rapid success in stamping out COVID-19 and greater spillovers from advanced economy growth could generate more vigorous global growth.

Turkey's economy was negatively affected by the contraction in manufacturing production and retail sales in 2020, but grew rapidly in 2021. While the manufacturing sector has seen growth in all areas since last year, the service sector too caught up with the manufacturing sector in the second quarter of 2021. Although credit borrowing costs have increased, continued credit expansion in the banking sector has helped keep consumer demand alive. The rapidly rising exchange rate, together with the increase in inflation dynamics observed in the second quarter and the wide fluctuations against foreign currencies have brought forward the policy change. By the end of the third quarter, monetary tightening had begun with inflation targeting and the increase in credits had slowed. The inflation rate, which remains high due to global commodity prices and currency transitivity, provides a picture that the tight stance on monetary policy will continue to be maintained until the last quarter. The real sector confidence index was 112 in July, compared to a second quarter average of 108. The low second quarter data was also influenced by the precautionary measures taken during Ramadan. The fact that the capacity utilization rate in July was 76.4 percent, provides a positive outlook in the manufacturing industry and offers a more accelerated manufacturing industry outlook than the 2nd quarter of 2021. In addition, second quarter and July service sector data also showed recovery. Despite the tight monetary policy, it is believed that if the service and tourism sectors recover and domestic demand is revived, economic growth may be above expectations in 2021.

At Albaraka Türk, we continued to carry out activities that add value to the real economy in line with our principles, by being alongside the real sector during this difficult period. In particular, our Bank, which has never refrained from supporting SMEs, will continue to support production and make positive contributions to the Turkish economy in the coming period. Albaraka Türk will continue to invest in human capital and focus on services and sectors aimed at the well-being of humanity especially for education and health; to reduce poverty and create jobs. As in the sector, during the pandemic period we once again witnessed the importance of digital channels that our Bank invested in with foresight. Our Bank is aware of it being a pioneer as Turkey's first participation bank and will continue to invest in digitalization in the coming period and will deliver on innovations that make life easier for our customers. Albaraka Türk will continue to respond to the financial needs of our customers in all areas with the energy needed for our growth with our professional management team as well as our young and dynamic human resources. In line with the vision of "being the best Participation Bank in the world", we will continue to take firm steps today and in the future, by recording growth with our actions aligned with our slogan "There Is More".

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

Sincerely,

**Mazin MANNA**  
Chairman of the Board of Directors

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

**3. Message from the CEO**

Dear Stakeholders,

The coronavirus pandemic continues to affect the whole world in the second quarter of 2021. While vaccination activities continue, the number of cases in the world increases through different variants. This situation increases uncertainty and makes predictions difficult. The US and UK economies, which are fast-paced in vaccination activities, are expected to lead 2021 growth figures with an earlier return to normal, but the Delta variant poses a significant risk. When we look at the sectors, while the manufacturing industry across the world is entering a recovery process, the recovery in the service sector is progressing more slowly. However, the recovery of the service sector is expected to improve in the summer months with the meeting of the postponed holiday demands. On the monetary policy side, the ECB continues to purchase assets, while the Fed continues to prepare infrastructure packages in terms of fiscal policies. The increase in inflation is expected to push the Fed to change its monetary policy towards the end of 2022.

In our country, as of the last quarter of 2020, important restriction decisions have started to be implemented again with the increase in case and intensive care occupancy rates. By the end of the first quarter of 2021, measures were tightened to prevent the increase in the number of cases. On the other hand, in the vaccination process, which is the most important stage in the fight against the pandemic, Turkey is among the top 10 countries that make the fastest vaccination. In the light of these developments, the growth rates of Turkey, which entered 2021 with strong growth especially on the manufacturing industry side, may be will be closely related to the number of cases. In addition, the increase in global commodity prices and exchange rate volatility increased recent inflation expectations and inflation. Despite that, the CBRT adopted a tight monetary policy. While this tight stance in monetary policy slowed down loan growth, it contributed to the formation of financial stability. This tight stance in monetary policies is expected to be preserved for most of 2021.

Although the pandemic period had a negative impact on the banking sector as in many other sectors, we maintained our growth rate with the steps we took. In this process, our bank's assets increased by 32% compared to the same period of the previous year and reached 80 Billion TL. At the same period, financing amount raised by 24% and rose to 46 Billion TL. When we look at the funds we have collected, an increment of 35% stands out with the effect of the exchange rate. The collected funds during this period increased to 61 Billion TL. We supported our customers, despite the extraordinary conditions we went through. In parallel with the sector, with the power of digitalization, we continued our activities without slowing down during the pandemic period. However, the high level of borrowing costs due to the increase in the country risk premium and inflation stood out as a negative outlook in economic activities in this quarter. In the rest of the year, we will make progress in this area as predictability increases and economic activity accelerates.

Albaraka Türk quickly responded to the needs of the real sector with its projects in this period. Thanks to the digital developments we made, we can perform all transactions of our customers online. We improved our banking activities by offering new packages to our customers in the area of using and saving funds. In addition, by means of our technological infrastructure, while remote working activities continued, the services we offered to our customers continued uninterrupted in this process.

The importance of digital products and services in the pandemic process has once again been proven. We are investing in the digital banking of the future by catching up with the developments in the financial world. With the AlbaFX application, we have enabled our customers to invest 5/24 in the foreign exchange market. The ability to view all currencies and world markets on a single screen uninterruptedly will make significant contributions to our investors in the coming period. Moreover, we strive to prepare our bank for the banking world of the future with the Nakit Basit application, which significantly puts an end to the trouble of looking for an ATM. We strive to take a step in the field of digitalization by ensuring the integration of sustainability and financial technologies into processes. As a result of these efforts, we were deemed worthy of the Financial Technologies Integration Award by CIBAFI. With this award, our work in the field of sustainability and Fintech will become even stronger.

**ALBARAKA TRK KATILIM BANKASI A..**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Information on Interim Report (continued):**

**3. Message from the CEO (continued):**

We were also among the top 50 in the list of Turkey's most valuable companies announced by Brand Finance. We will strive to increase our value even more in the coming period with the moves we have made in the field of sustainable growth and customer satisfaction and digitalization. Finally, as Albaraka Trk, we strive to fulfill our responsibility for a livable world, by continuing our work on climate change.

Our Bank, which is Turkey's first participation bank and maintains its goal of being the best participation bank in the world, prioritizes the health of its employees with an understanding that values people during the pandemic. While we take the necessary measure within the bank, we continue to serve our customers by putting the health first.

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. 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,

**Melikah UTKU**  
Board Member and CEO



**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**Information on Interim Report (continued):**

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

- In the first six month of 2021, our total assets have actualized as TL 80.347.768.
- In the second quarter of 2021, the total funds our Bank has collected through “Special Current Accounts” and “Participation to Profit and Loss Accounts” has been TL 61.685.196.
- Participation accounts in the second quarter of 2021 has been TL 35.377.558. Our Bank’s Fund Collecting Activities are carried out through our branches, our bank’s branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
<b>TL Funds</b>	<b>17.626.712</b>	<b>2.039.420</b>	<b>15.389.368</b>	<b>2.093.222</b>	<b>14,54</b>	<b>(2,57)</b>
Current Accounts	5.848.235	676.644	4.634.382	630.357	26,19	7,34
Participation Accounts	11.778.477	1.362.776	10.754.986	1.462.865	9,52	(6,84)
<b>FC Funds</b>	<b>44.058.484</b>	<b>5.097.592</b>	<b>36.148.001</b>	<b>4.916.757</b>	<b>21,88</b>	<b>3,68</b>
Current Accounts	20.459.403	2.367.165	18.524.914	2.519.710	10,44	(6,05)
Participation Accounts	23.599.081	2.730.427	17.623.087	2.397.047	33,91	13,91
<b>TOTAL</b>	<b>61.685.196</b>	<b>7.137.012</b>	<b>51.537.369</b>	<b>7.009.979</b>	<b>19,69</b>	<b>1,81</b>

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits (*)	45.817.187	5.301.075	40.370.677	5.491.115	13,49	(3,46)
Non-performing Loans	2.236.512	258.766	2.045.276	278.193	9,35	(6,98)
Provisions	(1.375.537)	(159.150)	(1.247.950)	(169.743)	10,22	(6,24)
<b>TOTAL</b>	<b>46.678.162</b>	<b>5.400.691</b>	<b>41.168.003</b>	<b>5.599.565</b>	<b>13,38</b>	<b>(3,55)</b>

(\*) 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, 2021	8,643
As of December 31, 2020	7,352

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

- Our operating income increased by 21,37% compared to the same period of the previous year and reached 1.355.482 TL.
- Our net profit share incomes were realized as TL 672.712, our net fees commission income increased to TL 170.462.
- Our net profit has been TL 113.971 for the first six months of the year.
- As of June 30, 2021, our capital adequacy ratio is actualized as 13,76 %, over the minimum ratio.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2021**

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

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

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

- The applications to BRSA and CMB regarding the amendment of the articles of association have been announced with our material event disclosure dated January 26, 2021,
- It has been announced that the BRSA Approval has been obtained for the amendment to the articles of association with our material event disclosure dated January 28, 2021
- It has been announced that the CMB Approval has been obtained for the amendment to the articles of association with our material event disclosure dated January 29 2021
- The disclosure was announced regarding the organization change of our Bank with the material event disclosure dated February 16, 2021.
- Standard & Poor's, the international credit rating agency, has affirmed our Bank's long term credit rating at "B", short term credit rating at "B" and the outlook as negative.
- A rating agreement for compliance with corporate governance principles was signed with DRC Rating.
- On March 30, 2021, Mr. Adnan Ahmed Yusuf Abdulmalek resigned from our Bank's board of directors' membership and chairmanship.
- The Decisions of the 2020 Ordinary General Assembly Meeting were registered on 09.04.2021.
- On 17.05.2021, our Bank's Corporate Governance Principles Compliance Rating Score was determined as 9.12.

The issues that took place during the period **January 1, 2021 - June 30, 2021** were announced to the public and uploaded to the Public Disclosure Platform as notifications. All of these announcements are shared in the Investor Relations section of the Albaraka Türk website.

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*  
**Information on Interim Report (continued):**

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

- As announced in public disclosure platform on February 16, 2021 our Bank's ordinary general meeting of shareholders was held on March 31, 2021 with the following agenda:

**AGENDA:**

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

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

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