

Albaraka Türk Katılım Bankası Anonim Şirketi

**Unconsolidated financial statements
and related disclosures at September 30, 2020
together with limited review report**

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



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

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REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

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

Scope of Review

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

Conclusion

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

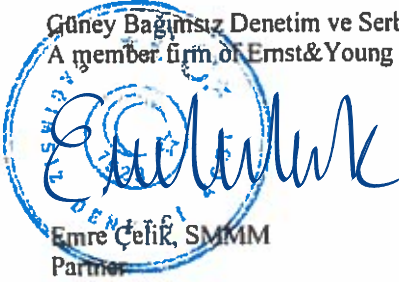
Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English:

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

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



Emre Çelik, SMMM
Partner

November 5, 2020
İstanbul, Turkey

UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş. AS OF AND FOR THE NINE-MONTH ENDED SEPTEMBER 30, 2020

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


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

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

November 5, 2020



**Adnan Ahmed
Yusuf ABDULMALEK**
Chairman of the Board of
Directors




Melikşah UTKU
General Manager




Mustafa ÇETİN
Assistant General
Manager




Kemaleddin DİLBAZ
Financial Reporting
Manager



Mustafa BÜYÜKABACI
Chairman of the Audit
Committee



Mehmet Ali GÖKCE
Member of the Audit
Committee



Mohamed Ali CHATTI
Member of the Audit
Committee

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

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

SECTION ONE

GENERAL INFORMATION

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

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

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

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

The Bank's head office is located in İstanbul and is operating through 227 (December 31, 2019: 228) local branches and 2 (December 31, 2019: 2) foreign branches and with 3.618 (December 31, 2019: 3.791) staff as of September 30, 2020.

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

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

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

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

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

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

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

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

IV. Information on the Bank's qualified shareholders:

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

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

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

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

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

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

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

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

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

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

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

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

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

The Bank consolidated Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Insha Gmbh the subsidiaries of the Bank, through equity method and full consolidation method, respectively. Investment Funds "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Start-Up Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu" and other investments funds controlled by the Bank have been consolidated as well. "Bereket One Ltd" and "Albaraka Sukuk Ltd", which are not subsidiaries of the Bank but over which the Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity". Due to non-financial ownership, "Albaraka Kültür Sanat ve Yayıncılık A.Ş." which is the subsidiary of the Bank have not been consolidated.

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

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

SECTION TWO

The unconsolidated financial statements

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

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

ASSETS	Notes (Section Five-I)	Reviewed			Audited		
		CURRENT PERIOD September 30, 2020			PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		4.939.374	16.898.785	21.838.159	5.151.819	12.063.213	17.215.032
1.1 Cash and Cash Equivalents	(1)	1.612.958	12.559.088	14.172.046	2.512.261	10.453.589	12.965.850
1.1.1 Cash and Balances with Central Bank		651.200	9.492.698	10.143.898	1.426.702	7.369.207	8.795.909
1.1.2 Banks		997.023	3.066.874	4.063.897	1.102.737	3.084.595	4.187.332
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		35.265	484	35.749	17.178	213	17.391
1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	(2)	2.308.141	3.329.060	5.637.201	1.798.852	435.301	2.234.153
1.2.1 Government Securities		549.896	3.307.998	3.857.894	99.148	435.174	534.322
1.2.2 Equity Securities		-	10.359	10.359	-	-	-
1.2.3 Other Financial Assets		1.758.245	10.703	1.768.948	1.699.704	127	1.699.831
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	(3)	956.226	1.010.637	1.966.863	840.568	1.174.064	2.014.632
1.3.1 Government Securities		721.684	1.000.253	1.721.937	813.658	1.150.767	1.964.425
1.3.2 Equity Securities		7.667	10.384	18.051	15	23.297	23.312
1.3.3 Other Financial Assets		226.875	-	226.875	26.895	-	26.895
1.4 Derivative Financial Assets	(5)	62.049	-	62.049	138	259	397
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		62.049	-	62.049	138	259	397
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		22.655.371	21.526.836	44.182.207	16.998.224	14.745.234	31.743.458
2.1 Loans	(6)	22.276.912	19.678.001	41.954.913	17.019.778	13.617.465	30.637.243
2.2 Lease Receivables	(7)	274.356	28.642	302.998	227.356	16.322	243.678
2.3 Financial Assets Measured at Amortised Cost	(4)	1.061.467	2.512.534	3.574.001	638.021	1.356.298	1.994.319
2.3.1 Government Securities		1.061.467	2.512.534	3.574.001	638.021	1.296.462	1.934.483
2.3.2 Other Financial Assets		-	-	-	-	59.836	59.836
2.4 Expected Credit Losses (-)	(6)	957.364	692.341	1.649.705	886.931	244.851	1.131.782
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	109.610	365	109.975	124.196	284	124.480
3.1 Asset Held for Resale		109.610	365	109.975	124.196	284	124.480
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. OWNERSHIP INVESTMENTS (Net)	(9)	28.590	18.311	46.901	51.837	18.311	70.148
4.1 Associates (Net)		-	-	-	4.897	-	4.897
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	4.897	-	4.897
4.2 Subsidiaries (Net)		8.590	18.311	26.901	26.940	18.311	45.251
4.2.1 Unconsolidated Financial Investments in Subsidiaries		5.050	18.311	23.361	5.400	18.311	23.711
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		3.540	-	3.540	21.540	-	21.540
4.3 Joint Ventures (Net)		20.000	-	20.000	20.000	-	20.000
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		20.000	-	20.000	20.000	-	20.000
V. TANGIBLE ASSETS (Net)	(10)	1.496.890	21.630	1.518.520	1,496.510	19.905	1,516.415
VI. INTANGIBLE ASSETS (Net)	(11)	31.117	-	31.117	30.535	-	30.535
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		31.117	-	31.117	30.535	-	30.535
VII. INVESTMENT PROPERTY (Net)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		366	-	366	45	-	45
IX. DEFERRED TAX ASSET	(13)	241.443	-	241.443	166.390	-	166.390
X. OTHER ASSETS	(14)	376.698	49.398	426.096	274.713	251.152	525.865
TOTAL ASSETS		29.879.459	38.515.325	68.394.784	24.294.269	27.098.099	51.392.368

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

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

LIABILITIES	Notes (Section Five-II)	Reviewed			Audited		
		CURRENT PERIOD			PRIOR PERIOD		
		September 30, 2020			December 31, 2019		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	16.579.321	35.779.164	52.358.485	14.696.620	25.072.788	39.769.408
II. FUNDS BORROWED	(2)	3.865.418	2.872.837	6.738.255	2.843.246	1.691.379	4.534.625
III. BORROWINGS FROM MONEY MARKETS		927.270	148.892	1.076.162	18.237	-	18.237
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(3)	6.009	172	6.181	504	345	849
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		6.009	172	6.181	504	345	849
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES	(4)	310.126	14.227	324.353	287.755	12.905	300.660
VIII. PROVISIONS	(5)	154.999	1.756	156.755	133.162	1.590	134.752
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		112.681	-	112.681	99.231	-	99.231
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		42.318	1.756	44.074	33.931	1.590	35.521
IX. CURRENT TAX LIABILITY	(6)	67.119	5.548	72.667	68.084	4.874	72.958
X. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(7)	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED LOANS	(8)	-	1.852.099	1.852.099	-	1.375.164	1.375.164
12.1 Loans		-	1.852.099	1.852.099	-	1.375.164	1.375.164
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(9)	1.476.712	360.914	1.837.626	1.156.348	207.438	1.363.786
XIV. SHAREHOLDERS' EQUITY	(10)	3.969.594	2.607	3.972.201	3.785.896	36.033	3.821.929
14.1 Paid-In Capital		1.350.000	-	1.350.000	900.000	-	900.000
14.2 Capital Reserves		993.557	-	993.557	1.345.134	-	1.345.134
14.2.1 Share Premium		14.855	-	14.855	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		978.702	-	978.702	1.345.134	-	1.345.134
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		238.299	-	238.299	243.404	-	243.404
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		125.215	2.607	127.822	76.661	36.033	112.694
14.5 Profit Reserves		1.492.590	-	1.492.590	1.430.225	-	1.430.225
14.5.1 Legal Reserves		130.419	-	130.419	136.027	-	136.027
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.362.171	-	1.362.171	1.294.198	-	1.294.198
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(230.067)	-	(230.067)	(209.528)	-	(209.528)
14.6.1 Prior Years Profit/(Loss)		(367.783)	-	(367.783)	(272.957)	-	(272.957)
14.6.2 Current Year Profit/(Loss)		137.716	-	137.716	63.429	-	63.429
TOTAL LIABILITIES		27.356.568	41.038.216	68.394.784	22.989.852	28.402.516	51.392.368

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

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

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Reviewed			Audited		
		CURRENT PERIOD September 30, 2020			PRIOR PERIOD December 31, 2019		
		TL	FC	Total	TL	FC	Total
A. OFF BALANCE SHEET COMMITMENTS (I+II+III)		8.977.326	8.965.564	17.942.890	6.884.242	5.792.399	12.676.641
I. GUARANTEES AND SURETIES	(1)	5.099.380	5.492.149	10.591.529	5.128.502	5.302.936	10.431.438
1.1. Letters of Guarantees		5.057.316	3.860.871	8.918.187	5.099.099	3.619.295	8.718.394
1.1.1. Guarantees Subject to State Tender Law		825.198	81.763	906.961	697.926	62.581	760.507
1.1.2. Guarantees Given for Foreign Trade Operations		15	1.045.617	1.045.632	15	835.718	835.733
1.1.3. Other Letters of Guarantee		4.232.103	2.733.491	6.965.594	4.401.158	2.720.996	7.122.154
1.2. Bank Loans		-	18.275	18.275	-	14.463	14.463
1.2.1. Import Letter of Acceptances		-	18.275	18.275	-	14.463	14.463
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		22.781	1.531.276	1.554.057	257	1.329.663	1.329.920
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		22.781	1.531.276	1.554.057	257	1.329.663	1.329.920
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	81.727	81.727	-	339.515	339.515
1.7. Other Collaterals		19.283	-	19.283	29.146	-	29.146
II. COMMITMENTS	(1)	2.044.223	411.477	2.455.700	1.722.506	389.607	2.112.113
2.1. Irrevocable Commitments		2.040.223	411.477	2.451.700	1.722.506	389.607	2.112.113
2.1.1. Asset Purchase and Sale Commitments		169.371	411.477	580.848	47.797	389.607	437.404
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		330.402	-	330.402	262.517	-	262.517
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		640.858	-	640.858	631.606	-	631.606
2.1.7. Tax And Fund Liabilities from Export Commitments		12.411	-	12.411	10.381	-	10.381
2.1.8. Commitments for Credit Card Expenditure Limits		886.254	-	886.254	769.342	-	769.342
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		386	-	386	335	-	335
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		541	-	541	528	-	528
2.2. Revocable Commitments		4.000	-	4.000	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		4.000	-	4.000	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	1.833.723	3.061.938	4.895.661	33.234	99.856	133.090
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		1.833.723	3.061.938	4.895.661	33.234	99.856	133.090
3.2.1. Forward Foreign Currency Buy/Sell Transactions		49.068	57.694	106.762	33.234	41.953	75.187
3.2.1.1. Forward Foreign Currency Transactions-Buy		40.390	12.216	52.606	27.547	10.149	37.696
3.2.1.2. Forward Foreign Currency Transactions-Sell		8.678	45.478	54.156	5.687	31.804	37.491
3.2.2. Other Forward Buy/Sell Transactions		1.784.655	3.004.244	4.788.899	-	57.903	57.903
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		81.289.660	23.838.869	105.128.529	72.616.853	16.137.385	88.754.238
IV. ITEMS HELD IN CUSTODY		4.277.829	7.112.586	11.390.415	3.812.406	3.053.641	6.866.047
4.1. Assets Under Management		1.928.629	-	1.928.629	1.522.915	-	1.522.915
4.2. Investment Securities Held in Custody		52.374	380.742	433.116	72	26.320	26.392
4.3. Cheques Received for Collection		1.471.567	258.773	1.730.340	1.480.111	285.800	1.765.911
4.4. Commercial Notes Received for Collection		520.126	93.138	613.264	543.651	76.306	619.957
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		268.065	648.307	916.372	210.617	341.146	551.763
4.8. Custodians		36.965	5.731.626	5.768.591	54.937	2.324.069	2.379.006
V. PLEDGED ITEMS		77.011.831	16.726.283	93.738.114	68.804.447	13.083.744	81.888.191
5.1. Marketable Securities		11.027.770	4.918.582	15.946.352	10.007.092	3.875.114	13.882.206
5.2. Guarantee Notes		1.164.348	191.389	1.355.737	1.223.615	193.710	1.417.325
5.3. Commodity		5.573.218	1.790.588	7.363.806	3.520.395	1.194.171	4.714.566
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		55.052.630	7.440.398	62.493.028	51.035.646	5.913.841	56.949.487
5.6. Other Pledged Items		3.930.995	2.377.154	6.308.149	2.763.503	1.898.042	4.661.545
5.7. Pledged Items-Depository		262.870	8.172	271.042	254.196	8.866	263.062
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		90.266.986	32.804.433	123.071.419	79.501.095	21.929.784	101.430.879

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

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

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

STATEMENT OF PROFIT OR LOSS	Notes (Section Five-IV)	Reviewed	Reviewed	Reviewed	Reviewed
		CURRENT PERIOD January 1- September 30, 2020	PRIOR PERIOD January 1- September 30, 2019	CURRENT PERIOD July 1- September 30, 2020	PRIOR PERIOD July 1- September 30, 2019
I. PROFIT SHARE INCOME	(1)	2.553.540	2.442.950	928.045	763.070
1.1 Profit Share on Loans		2.194.190	2.146.125	785.306	670.956
1.2 Income Received from Reserve Deposits		6.813	51.753	3.305	14.688
1.3 Income Received from Banks		585	2.118	79	559
1.4 Income Received from Money Market Placements		-	-	-	-
1.5 Income Received from Marketable Securities Portfolio		338.113	196.444	134.793	62.955
1.5.1 Financial Assets at Fair Value Through Profit and Loss		68.223	2.502	34.134	1.137
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income		125.691	122.380	43.853	36.954
1.5.3 Financial Assets Measured at Amortised Cost		144.199	71.562	56.806	24.864
1.6 Finance Lease Income		11.802	43.235	4.012	12.291
1.7 Other Profit Share Income		2.037	3.275	550	1.621
II. PROFIT SHARE EXPENSE	(2)	1.317.645	1.995.224	459.789	655.420
2.1 Expense on Profit Sharing Accounts		808.107	1.256.748	246.564	427.228
2.2 Profit Share Expense on Funds Borrowed		385.743	588.042	136.293	181.967
2.3 Profit Share Expense on Money Market Borrowings		35.056	99.942	27.889	29.610
2.4 Profit Share Expense on Securities Issued		-	-	-	-
2.5 Finance Lease Expense		43.784	44.279	13.996	15.209
2.6 Other Profit Share Expense		44.955	6.213	35.047	1.406
III. NET PROFIT SHARE INCOME (I – II)		1.235.895	447.726	468.256	107.650
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		162.576	223.812	62.437	76.539
4.1 Fees and Commissions Received		281.002	293.764	103.773	98.652
4.1.1 Non-Cash Loans		97.403	94.639	33.012	31.737
4.1.2 Other	(3)	183.599	199.125	70.761	66.915
4.2 Fees and Commissions Paid (-)		118.426	69.952	41.336	22.113
4.2.1 Non-Cash Loans		156	290	50	123
4.2.2 Other	(3)	118.270	69.662	41.286	21.990
V. DIVIDEND INCOME	(4)	-	2.762	-	-
VI. TRADING INCOME/LOSS(net)	(5)	173.318	225.238	104.131	87.725
6.1 Capital Market Transaction Income/(Loss)		26.661	114.932	6.546	53.695
6.2 Profit/(Loss) from Derivative Financial Instruments		87.721	(25.947)	62.466	20.944
6.3 Foreign Exchange Income/(Loss)		58.936	136.253	35.119	13.086
VII. OTHER OPERATING INCOME	(6)	471.175	432.477	329.017	48.069
VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)		2.042.964	1.332.015	963.841	319.983
IX. EXPECTED CREDIT LOSS (-)	(7)	913.989	494.388	552.733	91.827
X. OTHER PROVISION EXPENSES (-)		5.211	1.670	(17.144)	(5.586)
XI. PERSONNEL EXPENSES (-)		540.375	495.553	190.660	169.216
XII. OTHER OPERATING EXPENSES (-)	(8)	405.038	323.381	146.184	111.863
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)		178.351	17.023	91.408	(47.337)
XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/(LOSS) ON EQUITY METHOD		-	-	-	-
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(9)	178.351	17.023	91.408	(47.337)
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	40.635	5.558	16.592	(9.086)
18.1 Provision for Current Taxes		-	-	-	-
18.2 Deferred Tax Expense Effect (+)		254.890	159.746	153.072	24.780
18.3 Deferred Tax Income Effect (-)		214.255	154.188	136.480	33.866
XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(11)	137.716	11.465	74.816	(38.251)
XX. INCOME FROM DISCONTINUED OPERATIONS	(11)	-	-	-	-
20.1 Income from Assets Held For Sale		-	-	-	-
20.2 Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Loss from Assets Held for Sale		-	-	-	-
21.2 Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-	-	-
21.3 Loss from Other Discontinued Operations		-	-	-	-
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Provision for Current Taxes		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(12)	137.716	11.465	74.816	(38.251)
Earnings Per Share		0,10	0,01	0,05	(0,05)

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME AS OF SEPTEMBER 30, 2020

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed	Reviewed
	CURRENT PERIOD January 1- September 30, 2020	PRIOR PERIOD January 1- September 30, 2019
I. CURRENT PERIOD PROFIT/LOSS	137.716	11.465
II. OTHER COMPREHENSIVE INCOME	22.612	47.499
2.1 Other Income/Expense Items not to be Recycled to Profit or Loss	(5.105)	(4.189)
2.1.1 Revaluation Surplus on Tangible Assets	(6.545)	(4.563)
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	1.440	374
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	27.717	51.688
2.2.1 Translation Differences	51.455	8.484
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	(30.433)	55.390
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	6.695	(12.186)
III. TOTAL COMPREHENSIVE INCOME (I+II)	160.328	58.964

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

ALBARAKA TÜRK KATILIM BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AS OF SEPTEMBER 30, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)							Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
		Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves ^(*)	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
CURRENT PERIOD (January 1 – September 30, 2020)																
I.	Closing balance		900.000	-	-	1.345.134	270.910	(27.506)	-	72.638	40.056	-	1.430.225	(272.957)	63.429	3.821.929
II.	Correction made as per TAS 8		-	-	-	-	-	-	-	-	(8.999)	-	-	8.999	-	-
2.1.	Effect of Corrections		-	-	-	-	-	-	-	-	(8.999)	-	-	8.999	-	-
2.2.	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balances at Beginning of Period (I+II)		900.000	-	-	1.345.134	270.910	(27.506)	-	72.638	31.057	-	1.430.225	(263.958)	63.429	3.821.929
IV.	Total Comprehensive Income		-	-	-	-	(5.105)	-	-	51.455	(23.738)	-	-	-	137.716	160.328
V.	Capital Increase in Cash		450.000	14.855	-	(464.855)	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Others Changes		-	-	-	98.423	-	-	-	-	(3.590)	-	18	(104.907) ^(**)	-	(10.056)
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	-	62.347	1.082	(63.429)	-
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	62.347	(62.347)	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	63.429	(63.429)	-
Balances at end of the period (III+IV...+X+XI)			1.350.000	14.855	-	978.702	265.805	(27.506)	-	124.093	3.729	-	1.492.590	(367.783)	137.716	3.972.201

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

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

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

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Reviewed)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
PRIOR PERIOD (January 1 – September 30, 2019)															
I. Closing balance		900.000	-	-	845.976	251.889	(17.181)	-	56.689	(31.193)	-	1.300.967	(179.664)	133.968	3.261.451
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	(17.304)	-	(17.304)
III. Adjusted Balances at Beginning of Period (I+II)		900.000	-	-	845.976	251.889	(17.181)	-	56.689	(31.193)	-	1.300.967	(196.968)	133.968	3.244.147
IV. Total Comprehensive Income		-	-	-	-	(4.563)	374	-	8.484	43.204	-	-	-	11.465	58.964
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		-	-	-	18.226	-	-	-	-	-	-	478	(88.388) ⁽¹⁷⁾	-	(69.684)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	129.388	4.580	(133.968)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	129.388	(129.388)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	133.968	(133.968)	-
Balances at end of the period (III+IV...+X+XI)		900.000	-	-	864.202	247.326	(16.807)	-	65.173	12.011	-	1.430.833	(280.776)	11.465	3.233.427

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

(**) The Bank has paid TL 112.284 in February and August 2019, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss".

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

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

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

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Reviewed	Reviewed
		CURRENT PERIOD January 1- September 30, 2020	PRIOR PERIOD January 1- September 30, 2019
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes In Operating Assets And Liabilities		1.344.453	750.654
1.1.1 Profit Share Income Received		2.445.586	2.218.405
1.1.2 Profit Share Expense Paid		(756.222)	(1.197.234)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		183.599	199.125
1.1.5 Other Income		442.493	168.705
1.1.6 Collections from Previously Written Off Loans		342.964	311.854
1.1.7 Payments to Personnel and Service Suppliers		(676.931)	(601.214)
1.1.8 Taxes Paid		(42.547)	(35.236)
1.1.9 Others		(594.489)	(313.751)
1.2 Changes In Operating Assets And Liabilities		(2.904.742)	4.427.639
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(3.333.415)	(814.302)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(515.440)	(477.994)
1.2.3 Net (Increase) Decrease in Loans		(10.675.865)	(1.287.860)
1.2.4 Net (Increase) Decrease in Other Assets		(609.666)	236.994
1.2.5 Net Increase (Decrease) in Bank Deposits		(1.006.416)	418.280
1.2.6 Net Increase (Decrease) in Other Deposits		13.013.231	5.902.694
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		222.829	449.827
I. Net Cash Flow From Banking Operations		(1.560.289)	5.178.293
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash flow from investing activities		(1.232.928)	(2.178.574)
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		-	(5.879)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		18.350	-
2.3 Purchases of Property and Equipment		(102.141)	(28.325)
2.4 Disposals of Property and Equipment		156.802	69.265
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(406.249)	(1.692.848)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		157.974	440.551
2.7 Purchase of Financial Assets Measured at Amortised Cost		(1.884.206)	(1.153.206)
2.8 Sale of Financial Assets Measured at Amortised Cost		826.542	191.868
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Flow From Financing Activities		1.573.689	(3.806.659)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		22.241.140	16.739.292
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(20.464.090)	(20.374.656)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Leases Paid ^(*)		(65.121)	(59.010)
3.6 Other		(138.240)	(112.285)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		735.470	(44.212)
V. Net (Decrease) Increase in Cash and Cash Equivalents		(484.058)	(851.152)
VI. Cash and Cash Equivalents at the Beginning of the Period		7.182.466	7.108.571
VII. Cash and Cash Equivalents at the End of the Period		6.698.408	6.257.419

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

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

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

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SECTION THREE

Accounting Policies

I. Explanations on basis of presentation:

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

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

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

b. Additional paragraph for convenience translation:

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

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

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

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

The covid 19 pandemy, showed up in China, spreaded in various countries and caused upper respiratory infections. The pandemia has affected economical conditions locally and globally in especially the countries which are most exposed to it and caused operational malfunctions. As a result of World widespread of the pandemia, like all over the World, the measurements have been taken in our country in order to prevent viral shedding.

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I. Explanations on basis of presentation (continued):

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

Beside these measurements, economical measurements are being taken to minimise the effects of pandemia for individuals and firms in the world and in our country.

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

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

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

e. Comparative information and classifications:

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

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

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

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

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

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

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

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

There are no foreign currency differences capitalized by the Bank.

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

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

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

IV. Explanations on profit share income and expenses:

Profit share income

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

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

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

Profit share expense

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

V. Explanations on fees, commission income and expenses:

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

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

VI. Explanations on financial assets:

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

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VI. Explanations on financial assets (continued):

Assessment of business model:

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

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

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

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

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

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

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

c) Other Business Models:

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

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

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

Financial assets at the fair value through profit or loss:

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

The revaluation reports as of December 31, 2019 prepared by appraisers have been taken into consideration in measuring the fair values of the profit and loss sharing investments. These projects have not been revalued on the assumption that their cash flows do not change significantly as of September 30, 2020 and this assumption will be reassessed considering covid pandemia in the coming periods.

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VI. Explanations on financial assets (continued):

Financial assets at fair value through other comprehensive income

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

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

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

Financial assets measured at amortized cost:

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

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

Loans:

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

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

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

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

VII. Explanations on expected credit losses:

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

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

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VII. Explanations on expected credit losses (continued):

includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and finance lease receivables) and, in addition, financial lease receivables that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

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

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

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

As of September 30, 2020, under these flexibilities mentioned above, the Bank has cash receivables amount to TL 502.954 over 30 days due and TL 89.648 over 90 days due, these receivables are classified under first and second group and TL 6.861 and TL 13.758 expected credit losses have been allocated respectively. In addition, the loan amounting to TL 806.871 which was classified as Stage 3 loan before September 30, 2020, has been 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 Bank has changed the parameters in allocating provisions by using the best estimates and assumptions for expected credit losses to reflect the possible impact of Covid 19 pandemia to its financial statements as of September 30, 2020. In provisioning parameters, base scenario rate has been updated as 80% negative condition scenario rate has been updated as 20% and positive condition scenario has been cancelled. In addition, unemployment and real effective exchange rate parameters have been updated in macroeconomic scenarios. Under this context, this approach used for the third quarter of 2020, will be reviewed in the coming reporting periods by considering the changes in outcomes of pandemia, credit portfolio and expectations related to the future. The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

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

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

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

Parameters used when calculating expected credit losses:

Probability of Default (PD):

PD refers to the likelihood that a loan will default within a specified time horizon. Based on TFRS 9, the 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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VII. Explanations on expected credit losses (continued):

Parameters used when calculating 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.

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

Significant Increase in Credit Risk (Stage 2)

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

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

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

As per the decision by BRSA dated March 27, 2020 numbered 8970, which is valid from March 17, 2020 until December 31, 2020, the loans 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 Bank's internal procedures, the related financial asset is evaluated as default:

- Loans past 90 days from the last installment date (In this case, default status starts on the 91st day). In addition, as per the decision by BRSA dated March 17, 2020 numbered 8948, which is valid from March 17, 2020 until December 31, 2020, the definition of "default" is that the receivable is 180 days overdue.
- Loans restructured and classified as performing receivables, and restructured in the 1 year monitoring period at least once again and & or loans whose principal / profit payment is 30 days overdue.

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VIII. Explanations on offsetting of financial instruments:

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

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

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

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

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

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

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

XI. Explanations on goodwill and other intangible assets:

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

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

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

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XII. Explanations on tangible assets:

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

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

As of December 31, 2019, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firm using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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

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

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

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

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

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

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

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

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

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

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XIII. Explanations on leasing transactions:

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

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

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

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

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

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

Right to use asset:

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

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

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

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

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

The lease liabilities:

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

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

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

- Increases the book value to reflect the profit share rate on the lease obligation,

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XIII. Explanations on leasing transactions (continued):

The lease liabilities (continued):

- Reduces the book value to reflect the lease payments made
- Measures the book value to reflect reassessments and restructuring, or reflect the fixed lease payments, which is revised but inherently fixed.

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

XIV. Explanations on provisions and contingent liabilities:

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

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

XV. Explanations on liabilities regarding employee rights:

i) *Defined benefit plans:*

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

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

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income. As of September 30, 2020, there is an actuarial loss amounts to TL 35.264 before deferred tax calculation (December 31, 2019: TL 35.264 actuarial loss).

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

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

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

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XVI. Explanations on taxation:

Current tax:

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

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

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

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

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

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

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

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

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

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

Deferred tax:

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

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

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

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XVI. Explanations on taxation (continued):

Deferred tax (continued):

The Bank calculates deferred taxes using related ratios considering the realization period of the temporary differences.

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

Transfer pricing:

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

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

XVII. Additional explanations on borrowings:

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

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

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

Additional tier 1 capital borrowings:

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

XVIII. Explanations on issued share certificates:

None.

XIX. Explanations on acceptances and availed drafts:

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

XX. Explanations on government grants:

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

XXI. Explanations on segment reporting:

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

Segment reporting is disclosed in Section Four, Note X.

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

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

XXIII. Explanations on other matters:

There is no other matter.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations on capital adequacy standard ratio:

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks". As of September 30, 2020, the Bank's total capital has been calculated as TL 5.847.251 and capital adequacy standard ratio is 15,29%. As of December 31, 2019, Bank's total capital amounted to TL 5.135.259 and capital adequacy ratio was 14,97%. The Bank's capital adequacy standard ratio is above the minimum ratio required by the legislation.

a. Information on capital:

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.350.000	900.000
Share issue premiums	14.855	-
Reserves	1.124.807	1.157.268
Gains recognized in equity as per TAS	596.609	953.018
Profit	137.716	63.429
Current Period Profit	137.716	63.429
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	3.223.987	3.073.715
Deductions from Common Equity Tier 1 Capital	-	-
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	27.506	27.506
Improvement costs for operating leasing	22.156	24.273
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	29.461	28.674
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	111.451	111.451
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	25.374	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	215.948	191.904
Total Common Equity Tier 1 Capital	3.008.039	2.881.811

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

a. Information on capital (continued):

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	775.720
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	775.720	775.720
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	775.720	775.720
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	3.783.759	3.657.531
TIER II CAPITAL	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	1.788.636	1.362.486
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	277.431	116.745
Tier II Capital Before Deductions	2.066.067	1.479.231
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2.066.067	1.479.231
Total Capital (The sum of Tier I Capital and Tier II Capital)	5.849.826	5.136.762
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50 th and 51 th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	2.575	1.503

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

a. Information on capital (continued):

	Current Period	Prior Period
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
Total Capital (Total Core Capital and Supplementary Capital)	5.847.251	5.135.259
Total risk weighted amounts	38.242.983	34.299.071
Capital Adequacy Ratios	-	-
Core Capital Adequacy Ratio (%)	7,87	8,40
Tier 1 Capital Adequacy Ratio (%)	9,89	10,66
Capital Adequacy Ratio (%)	15,29	14,97
BUFFERS	-	-
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3,37	3,90
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	328.716	231.614
Limits related to provisions considered in Tier II calculation	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	277.431	116.745
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	277.431	116.745
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

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

a. Information on capital (continued):

In press release by BRSA dated March 23, 2020 it is stated that there are financial market turbulences as a result of Covid 19 pandemia. Because of this, in calculating credit risk as per "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is possible that the Exchange rates used for preparing December 31, 2019 financial statements can be used in calculating the revalued amounts of monetary and non monetary items and their specific provisions. The items which are carried at cost is out of scope. In addition, if the net revaluation amounts are negative for "Financial Assets Measured at Fair Value through Other Comprehensive Income", these negative amounts may not be considered in calculating equity calculated as per "Regulation on Equity of Banks". However, if the financial Assets Measured at Fair Value through Other Comprehensive Income acquired after March 23, 2020, then the existing clauses of the regulation is applied. As of September 30, 2020, the Bank utilized the facilities mentioned above.

b. Details on subordinated liabilities:

Issuer	Albaraka Sukuk Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law
Special Consideration in the Calculation of Equity		
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.788.636	TL 775.720 ^(*)
Par Value of Instrument	TL 1.788.636	TL 775.720
Accounting Classification	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 20, 2018
Perpetual or dated	Dated	Undated
Maturity date	November 30, 2025	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2020 Total Repayment Amount of Profit Share: USD 131.250.000, Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share: USD 102.500.000 Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-
Profit Share/Dividends		
Fixed or floating profit share/dividend	Fixed	Fixed
Profit share rate and any related index	10,50%	10%
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	As per BRSA regulations and Communiqués it is payable
Fully discretionary, partially discretionary or mandatory	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-
Noncumulative or cumulative	Cumulative	Noncumulative
Convertible or Non-convertible		
If convertible, conversion trigger	As per BRSA regulations and Communiqués it is convertible	As per BRSA regulations and Communiqués it is convertible
If convertible, fully or partially	As per BRSA approval it is convertible fully or partially	As per BRSA approval it is convertible fully or partially
If convertible, conversion rate	As per BRSA approval, it is convertible and the rate may be determined.	As per BRSA approval, it is convertible and the rate may be determined.
If convertible, mandatory or optional conversion	Subject to BRSA's approval.	Subject to BRSA's approval.
If convertible, specify instrument type convertible into	Share certificate	Share certificate
If convertible, specify issuer of instrument it converts into	-	-
Write-down feature		
If write-down, write-down trigger(s)	-	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	-	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	-	Permanent and Temporary
If temporary write-down, description of write-up mechanism	-	In case of the ratio of core capital exceeds 5,125%
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After all creditors and participation fund owners	After participation fund owners, other borrowers and the debt instruments included in the Tier II capital calculation
In compliance with article number 7 and 8 of "Own fund regulation"	No	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No

(*) Represented as historical cost

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

c. Information on reconciliation of total capital and equity:

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

II. Explanations on credit risk:

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

III. Explanations on currency risk:

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

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

	USD	EUR
As of September 30, 2020 - Balance sheet evaluation rate	7,732	9,069
As of September 29, 2020	7,808	9,163
As of September 28, 2020	7,750	9,038
As of September 25, 2020	7,617	8,854
As of September 24, 2020	7,606	8,852
As of September 23, 2020	7,683	8,966

- d. The simple arithmetical average of the major foreign exchange buying rates of the Bank for the thirty days before the balance sheet date is TL 7,526 for 1 USD (December 2019: TL 5,664), TL 8,869 for 1 EUR (December 2019: TL 6,337). The Bank is mainly exposed to EUR and USD currency risks.

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III. Explanations on currency risk (continued):

Information on currency risk of the Bank:

Current Period	EUR	USD	Other FC ^(*)	Total
Assets				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey Banks	2.558.059	4.745.241	2.189.398	9.492.698
Financial assets at fair value through profit and loss ^(**)	721.218	1.021.462	1.324.194	3.066.874
Money market placements	729.595	446.976	2.152.489	3.329.060
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans and financial lease receivables ^(***)	184.032	821.932	4.673	1.010.637
Subsidiaries, associates and joint ventures	6.421.549	13.907.193	600.519	20.929.261
Financial Assets Measured at Amortised Cost	18.311	-	-	18.311
Derivative financial assets for hedging purposes	1.003.443	1.509.091	-	2.512.534
Tangible assets	-	-	21.630	21.630
Intangible assets	-	-	-	-
Other assets ^(****)	11.983	37.549	6.178	55.710
Total assets	11.648.190	22.489.444	6.299.081	40.436.715
Liabilities				
Current account and funds collected from banks via participation accounts	756.417	215.774	8.714	980.905
Other current and profit sharing accounts	8.554.095	20.334.646	5.909.518	34.798.259
Money market borrowings	145.026	3.866	-	148.892
Funds provided from other financial institutions and subordinated loans	1.671.020	3.053.916	-	4.724.936
Marketable securities issued	-	-	-	-
Miscellaneous payables	73.135	279.034	8.745	360.914
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	288	15.567	5.848	21.703
Total liabilities	11.199.981	23.902.803	5.932.825	41.035.609
Net balance sheet position	448.209	(1.413.359)	366.256	(598.894)
Net off balance sheet position	(553.668)	1.648.226	349.187	1.443.745
Derivative financial instruments assets ^(*****)	46.518	2.034.138	377.924	2.458.580
Derivative financial instruments liabilities ^(*****)	600.186	385.912	28.737	1.014.835
Non-cash loans ^(*****)	2.229.616	3.210.446	52.087	5.492.149
Prior Period				
Total assets	8.748.212	17.726.357	2.780.035	29.254.604
Total liabilities	8.579.748	17.397.453	2.389.282	28.366.483
Net balance sheet position	168.464	328.904	390.753	888.121
Net off balance sheet position	(122.274)	61.052	9.191	(52.031)
Derivative financial instruments assets	34.622	163.856	20.238	218.716
Derivative financial instruments liabilities	156.896	102.804	11.047	270.747
Non-cash loans ^(*****)	2.052.218	3.212.326	38.392	5.302.936

(*) TL 2.127.911 (December 31, 2019: TL 1.324.944) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 1.071.001 (December 31, 2019: TL 425.089) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 5.657.689 (December 31, 2019: TL 2.192.902) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts.

(**) Derivative financial instruments are included.

(***) The balance includes foreign currency indexed loans and financial lease receivables of TL 1.914.959 (December 31, 2019: TL 2.154.914).

(****) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 6.431 (December 31, 2019: TL 1.591) is included in other assets.

(***** In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 175.788 (December 31, 2019: TL 174.881) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 235.689 (December 31, 2019: TL 214.726).

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

Other issues related to currency risk:

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

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

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

V. Explanations on liquidity risk:

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

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

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

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

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

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

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

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

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

While assessing the sectors affected by COVID 19, the Bank has benefited from analyses by foreign rating institutions published to the general public. The sectors that are expected to be affected most are ranged from high risk to low risk and all customers are reclassified as per risk groups. These customers are reassessed in following up operations, stress test and sectoral concentration analysis and related reassessments will continue in the coming periods.

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio:

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
	Current Period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			15.157.665	12.931.192
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	30.025.172	19.023.495	2.760.416	1.902.350
3	Stable Funds Collected	4.842.033	-	242.102	-
4	Less stable Funds Collected	25.183.139	19.023.495	2.518.314	1.902.350
5	Unsecured Funding other than Retail and Small Business Customers Deposits	15.319.666	10.264.818	7.511.227	4.453.416
6	Operational Funds Collected	430.164	420.407	107.541	105.102
7	Non-Operational Funds Collected	4.544.721	2.704.354	2.191.275	1.358.786
8	Other Unsecured Funding	10.344.781	7.140.057	5.212.411	2.989.528
9	Secured funding			-	-
10	Other Cash Outflows	2.650.217	2.298.751	2.650.217	2.298.751
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.650.217	2.298.751	2.650.217	2.298.751
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	10.832.008	5.136.675	1.029.562	614.011
16	TOTAL CASH OUTFLOWS			13.951.422	9.268.528
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	6.377.270	4.073.322	5.341.225	3.685.723
19	Other contractual cash inflows	2.655.381	2.085.558	2.655.381	2.085.558
20	TOTAL CASH INFLOWS	9.032.651	6.158.880	7.996.606	5.771.281
				Upper limit applied amounts	
21	TOTAL HQLA			15.157.665	12.931.192
22	TOTAL NET CASH OUTFLOWS			5.954.816	3.497.247
23	Liquidity Coverage Ratio (%)			254,54	369,75

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

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest	203,36	305,92
Date	July 31, 2020	August 31, 2020
Highest	354,54	495,3
Date	September 18, 2020	July 21, 2020
Average	254,54	369,75

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total Value ^(*)		Rate of "Percentage to be taken into account" Implemented Total Value ^(*)	
	Prior period	TL+FC	FC	TL+FC	FC
	HIGH QUALITY LIQUID ASSETS (HQLA)				
1	HIGH QUALITY LIQUID ASSETS			10.362.609	8.519.572
	CASH OUTFLOWS				
2	Retail and Small Business Funds Collected	22.434.687	13.521.060	2.030.562	1.352.106
3	Stable Funds Collected	4.258.141	-	212.907	-
4	Less stable Funds Collected	18.176.546	13.521.060	1.817.655	1.352.106
5	Unsecured Funding other than Retail and Small Business Customers Deposits	11.568.250	7.688.398	6.398.280	3.667.792
6	Operational Funds Collected	697.455	686.535	174.364	171.634
7	Non-Operational Funds Collected	3.950.171	2.715.661	2.090.513	1.494.971
8	Other Unsecured Funding	6.920.624	4.286.202	4.133.403	2.001.187
9	Secured funding			-	-
10	Other Cash Outflows	1.769.412	1.694.474	1.769.412	1.694.474
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	1.769.412	1.694.474	1.769.412	1.694.474
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	10.266.986	4.850.497	915.200	540.801
16	TOTAL CASH OUTFLOWS			11.113.454	7.255.173
	CASH INFLOWS				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.057.104	4.316.347	5.644.882	3.729.918
19	Other contractual cash inflows	1.783.382	1.211.276	1.783.382	1.211.276
20	TOTAL CASH INFLOWS	8.840.486	5.527.623	7.428.264	4.941.194
				Upper limit applied amounts	
21	TOTAL HQLA			10.362.609	8.519.572
22	TOTAL NET CASH OUTFLOWS			3.685.190	2.313.979
23	Liquidity Coverage Ratio (%)			281,20	368,18

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

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

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	184,21	244,04
Date	November 1, 2019	October 18, 2019
Highest	427,04	543,73
Date	October 18, 2019	December 17, 2019
Average	281,20	368,18

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V. Explanations on liquidity risk (continued):

Liquidity Coverage Ratio (continued):

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 6,39% cash, 39,59% deposits in central banks and 54,02% securities considered as high quality liquid assets.

The Bank's main funding sources are funds collected, funds borrowed, borrowings from money market and subordinated loans. Funding source composition in report date is 84,42% funds collected, 15,58% funds borrowed, borrowings from money market and subordinated loans.

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

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

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V. Explanations on liquidity risk (continued):

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(****)	Total
Assets								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	4.141.766	6.002.132	-	-	-	-	-	10.143.898
Banks	2.942.494	976.722	108.932	-	-	-	-	4.028.148
Financial Assets at Fair Value Through Profit and Loss ^(*)	770.033	136.832	29.173	2.559.885	1.426.355	776.972	-	5.699.250
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	24.718	9.334	253.126	726.718	930.967	22.000	-	1.966.863
Loans ^(**)	-	2.921.163	1.968.893	11.407.693	19.493.362	3.947.921	869.174	40.608.206
Financial Assets Measured at Amortised Cost	-	54.077	259.795	1.458.797	1.801.332	-	-	3.574.001
Other Assets	-	137	1.925	15.422	137.659	218.638	2.000.637	2.374.418
Total Assets	7.879.011	10.100.397	2.621.844	16.168.515	23.789.675	4.965.531	2.869.811	68.394.784
Liabilities								
Current account and funds collected from banks via participation accounts	529.461	458.278	10.194	3.480	-	-	-	1.001.413
Other current and profit sharing accounts	21.288.027	24.445.280	3.634.255	1.931.395	58.115	-	-	51.357.072
Funds provided from other financial institutions and subordinated loans	-	2.305.712	2.708.997	1.782.694	4.315	1.788.636	-	8.590.354
Money Market Borrowings	-	1.076.162	-	-	-	-	-	1.076.162
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	344.092	91.013	45.322	101	-	1.357.098	1.837.626
Other liabilities	775.720	-	169	4.117	105.101	200.733	3.446.317	4.532.157
Total Liabilities	22.593.208	28.629.524	6.444.628	3.767.008	167.632	1.989.369	4.803.415	68.394.784
Net Liquidity Gap	(14.714.197)	(18.529.127)	(3.822.784)	12.401.507	23.622.043	2.976.162	(1.933.604)	-
Net Off-balance sheet								
Position	-	21.137	29.676	5.734	-	-	-	56.547
Financial Derivative Assets	-	1.236.815	1.094.598	144.691	-	-	-	2.476.104
Financial Derivative Liabilities	-	1.215.678	1.064.922	138.957	-	-	-	2.419.557
Non-cash Loans	8.799.230	43.196	165.805	956.361	607.163	19.774	-	10.591.529
Prior period								
Total Assets	7.968.100	8.768.268	1.798.339	8.292.149	17.659.285	3.522.936	3.383.291	51.392.368
Total Liabilities	14.677.694	21.518.181	6.472.341	2.481.001	437.433	1.562.226	4.243.492	51.392.368
Net Liquidity Gap	(6.709.594)	(12.749.913)	(4.674.002)	5.811.148	17.221.852	1.960.710	(860.201)	-
Net Off-balance sheet								
Position	-	113	(108)	243	-	-	-	248
Financial Derivative Assets	-	34.764	8.644	23.261	-	-	-	66.669
Financial Derivative Liabilities	-	34.651	8.752	23.018	-	-	-	66.421
Non-cash Loans	5.962.062	223.917	560.809	2.632.808	1.011.614	40.228	-	10.431.438

(*) Derivative financial instruments are included.

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

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

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

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VI. Explanations on leverage ratio:

As of September 30, 2020, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 4,77% (December 31, 2019: 5,27%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is the high rate of increase in average risk amount. The reason for the difference in leverage ratio between current and previous period is that increase in average total risk amount is higher than increase in average capital amount.

		Current Period^(*)	Prior Period^(*)
Balance sheet assets			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	66.383.156	49.258.636
2	(Assets deducted from Core capital)	(61.743)	(59.015)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	66.321.413	49.199.621
Derivative financial assets and credit derivatives			
4	Cost of replenishment for derivative financial assets and credit derivatives	31.013	5.673
5	Potential credit risk amount of derivative financial assets and credit derivatives	27.599	11.228
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	58.612	16.901
Financing transactions secured by marketable security or commodity			
7	Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	133.974	186.303
8	Risk amount arising from intermediary transactions	-	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	133.974	186.303
Off-balance sheet transactions			
10	Gross notional amount of off-balance sheet transactions	12.689.387	12.250.746
11	(Correction amount due to multiplication with credit conversion rates)	3.600	-
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	12.692.987	12.250.746
Capital and total risk			
13	Core Capital	3.776.014	3.255.320
14	Total risk amount(sum of lines 3, 6, 9 and 12)	79.206.986	61.653.571
Leverage ratio			
15	Leverage ratio (%)	4,77	5,27

^(*) The average amounts for the last three months.

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

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

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

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

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IX. Explanations on risk management:

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

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

a. Risk management strategy and weighted amounts:

a.1. Risk management strategy:

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

a.2. Risk weighted amounts:

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	29.958.730	27.910.534	2.396.698
2	Standardised approach (SA)	29.958.730	27.910.534	2.396.698
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	17.368	2.396	1.389
5	Standardised approach for counterparty credit risk (SA-CCR)	17.368	2.396	1.389
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models	-	-	-
8	equity position in the banking account	-	-	-
9	Investments made in collective investment companies – look-through approach	-	-	-
10	Investments made in collective investment companies – mandate-based approach	-	-	-
11	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
12	Settlement risk	-	-	-
13	Securitization positions in banking accounts	-	-	-
14	IRB ratings-based approach (RBA)	-	-	-
15	IRB Supervisory Formula Approach (SFA)	-	-	-
16	SA/simplified supervisory formula approach (SSFA)	-	-	-
17	Market risk	5.477.009	3.764.028	438.161
18	Standardised approach (SA)	5.477.009	3.764.028	438.161
19	Internal model approaches (IMM)	-	-	-
20	Operational Risk	2.789.876	2.622.113	223.190
21	Basic Indicator Approach	2.789.876	2.622.113	223.190
22	Standard Approach	-	-	-
23	Advanced measurement approach	-	-	-
24	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
25	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	38.242.983	34.299.071	3.059.438

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X. Explanations on business segments:

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

Current Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(223.514)	1.653.469	627.878	118.609	2.176.442
Operating Expenses	(760.768)	(1.109.679)	(152.964)	25.320	(1.998.091)
Operating Income/Expenses	(984.282)	543.790	474.914	143.929	178.351
Profit/(Loss) Before Tax	(984.282)	543.790	474.914	143.929	178.351
Tax Expense	-	-	-	(40.635)	(40.635)
Current Year Profit/(Loss)	(984.282)	543.790	474.914	103.294	137.716
Total Assets	3.877.657	38.073.646	23.481.399	2.962.082	68.394.784
Total Liabilities	34.639.186	19.698.392	9.696.371	4.360.835	68.394.784

Prior Period	Retail	Commercial and Corporate	Treasury	Undistributed	Total
Operating Income (Net)	(553.235)	1.354.710	589.523	146.660	1.537.658
Operating Expenses	(536.537)	(778.526)	(219.066)	13.494	(1.520.635)
Operating Income/Expenses	(1.089.772)	576.184	370.457	160.154	17.023
Profit/(Loss) Before Tax	(1.089.772)	576.184	370.457	160.154	17.023
Tax Expense	-	-	-	(5.558)	(5.558)
Current Year Profit/(Loss)	(1.089.772)	576.184	370.457	154.596	11.465
Total Assets	2.574.413	28.153.795	17.647.851	3.016.309	51.392.368
Total Liabilities	26.441.681	15.007.697	5.968.600	3.974.390	51.392.368

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SECTION FIVE

Explanations and notes on the unconsolidated financial statements

I. Explanations and notes related to assets:

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

	Current Period		Prior Period	
	TP	YP	TP	YP
Cash/Foreign currency	184.958	1.129.275	128.031	894.076
CBRT	384.182	7.271.623	1.167.687	5.902.132
Other ^(*)	82.060	1.091.800	130.984	572.999
Total	651.200	9.492.698	1.426.702	7.369.207

^(*) Includes precious metals amounting to TL 520.258 (December 31, 2019: TL 145.266) and cash in transit amounting to TL 653.602 (December 31, 2019: TL 558.717) as of September 30, 2020.

b. Information related to CBRT:

	Current Period		Prior Period	
	TP	YP	TP	YP
Unrestricted demand deposit	380.877	1.272.796	1.167.543	1.279.517
Unrestricted time deposit	-	-	-	-
Restricted time deposit ^(*)	3.305	5.998.827	144	4.622.615
Total	384.182	7.271.623	1.167.687	5.902.132

^(*) As of September 30, 2020, the reserve requirement held in standard gold is TL 1.607.653 (December 2019: TL 1.179.678)

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

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

As of September 30, 2020, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 1% to 4% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 5% to 22% depending on maturity of deposits in relation to the credit growth ratio incentive.

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

c.1. Information on bank

	Current Period		Prior Period	
	TP	YP	TP	YP
Banks				
Domestic ^(*)	997.023	1.257.637	1.102.737	840.048
Abroad	-	1.809.237	-	2.244.547
Foreign head offices and branches	-	-	-	-
Total	997.023	3.066.874	1.102.737	3.084.595

^(*) Includes blockaged amount TL 986.997 (December 31, 2019: 1.032.679) booked under TL accounts arising from POS transactions.

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

c.2. Information on foreign bank accounts:

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

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

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

As of September 30, 2020, nominal amounts subject to repurchase agreements is TL 796.232 (December 31, 2019: TL 13.931).

As of September 30, 2020, the collateralized /blocked nominal amount is TL 891 (December 31, 2019: TL 895).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment fund participation certificates (Net) ^(*)	1.726.182	-	1.689.164	-
Sukuk	581.742	3.307.998	109.688	435.301
Equity Securities	-	10.359	-	-
Other	217	10.703	-	-
Total	2.308.141	3.329.060	1.798.852	435.301

^(*) Includes participation certificates of "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu".

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

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

As of September 30, 2020, nominal amounts subject to repurchase agreements is TL 128.483 (December 31, 2019: TL 1.075).

As of September 30, 2020, the collateralized/blocked nominal amount is TL 273.984 (December 31, 2019: TL 355.481).

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

	Current Period	Prior Period
Debt Securities	1.928.642	1.988.590
Quoted on a stock exchange	1.928.642	1.988.590
Unquoted	-	-
Investment Funds	28.667	4.907
Quoted on a stock exchange	-	-
Unquoted	28.667	4.907
Share Certificates	18.051	23.312
Quoted on a stock exchange	-	15.293
Unquoted	18.051	8.019
Impairment Provision (-)	8.497	2.177
Total	1.966.863	2.014.632

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

4. Information on financial assets measured at amortised cost:

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

As of September 30, 2020, nominal amounts subject to repurchase agreements is TL 13.966 (December 31, 2019: None)

As of September 30, 2020, there is not any amount collateralized/blocked. (December 31, 2019: None)

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

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities ^(*)	3.574.001	1.934.483
Total	3.574.001	1.934.483

^(*) 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	3.574.001	1.994.319
Quoted on a stock exchange	3.574.001	1.994.319
Unquoted	-	-
Impairment provision (-)	-	-
Total	3.574.001	1.994.319

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

	Current Period	Prior Period
Balance at beginning of period	1.994.319	618.506
Foreign currency differences on monetary assets	507.417	32.804
Purchases during period ^(*)	1.884.206	1.498.768
Disposals through sales and redemptions ^(*)	(826.542)	(191.868)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	14.601	36.109
Closing balance	3.574.001	1.994.319

^(*) Represented on nominal values

5. Information on derivative financial assets

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	730	-	138	-
Swap Transactions	61.319	-	-	259
Futures Transactions	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
Total	62.049	-	138	259

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

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

6. Information on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	96.822	5.765	164.966	39.387
Corporate shareholders	92.313	5.765	164.690	39.037
Real person shareholders	4.509	-	276	350
Indirect loans granted to shareholders	1.173.341	6.129	632.926	27.308
Loans granted to employees	18.817	2.000	15.236	2
Total	1.288.980	13.894	813.128	66.697

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

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

Current Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
Loans	36.279.841	2.031.024	1.153.116	559.747
Export loans	2.264.175	5.404	-	-
Import loans	2.612.874	27.598	40.912	-
Business loans	17.007.607	1.933.221	690.228	513.427
Consumer loans	3.630.728	54.605	17.736	-
Credit cards	403.869	2.768	-	-
Loans given to financial sector	1.681.837	-	-	-
Other ^(*)	8.678.751	7.428	404.240	46.320
Other receivables	-	-	-	-
Total	36.279.841	2.031.024	1.153.116	559.747

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

Commercial loans with installments	2.069.783
Other investment credits	901.733
Loans given to abroad	2.764.141
Profit and loss sharing investments ^(**)	3.115.054
Loans for purchase of marketable securities for customer	245.064
Other	40.964
Total	9.136.739

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

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

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
Loans	24.762.708	2.829.986	268.876	553.950
Export loans	1.351.678	8.228	-	-
Import loans	1.602.342	78.351	-	-
Business loans	13.038.036	2.454.010	212.870	416.862
Consumer loans	2.315.782	112.732	2.183	-
Credit cards	380.322	5.548	-	-
Loans given to financial sector	47.640	-	-	-
Other ^(*)	6.026.908	171.117	53.823	137.088
Other receivables	-	-	-	-
Total	24.762.708	2.829.986	268.876	553.950

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

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

^(**) As of December 31, 2019, the related balance represents profit and loss sharing investment projects (8 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of December 31, 2019, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 96.206 (TL 155.234 valuation profit, TL 59.028 valuation loss) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. In addition to the fair value profit, as of December 31, 2019, the project sales profit accrual amounts to TL 34.262. In total, net profit from profit and loss sharing investments is TL 130.468.

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

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	184.577	-
Significant Increase in Credit Risk	-	403.117
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	100.058	-
Significant Increase in Credit Risk	-	85.093

- 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".

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

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

Current Period	Short-term	Medium and long-term	Total
Consumer loans-TL	42.312	3.646.834	3.689.146
Housing loans	11.180	3.135.881	3.147.061
Vehicle loans	9.415	394.101	403.516
Consumer loans	21.717	116.852	138.569
Other	-	-	-
Consumer loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer loans-FC	-	849	849
Housing loans	-	849	849
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Retail credit cards-TL	112.146	246	112.392
With installment	37.843	232	38.075
Without installment	74.303	14	74.317
Retail credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel loans-TL	10.688	2.386	13.074
Housing loans	-	463	463
Vehicle loans	134	1.772	1.906
Consumer loans	10.554	151	10.705
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel credit cards-TL	5.721	22	5.743
With installment	2.786	21	2.807
Without installment	2.935	1	2.936
Personnel credit cards-FC	-	-	-
With installment	-	-	-
Without-installment	-	-	-
Overdraft account-TL (Real Person)	-	-	-
Overdraft account-FC (Real Person)	-	-	-
Total	170.867	3.650.337	3.821.204

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

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

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

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

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

Current Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	93.609	1.558.919	1.652.528
Business loans	2.270	430.393	432.663
Vehicle loans	71.817	818.729	890.546
Consumer loans	19.522	309.797	329.319
Other	-	-	-
Commercial installment loans-FC indexed	-	139.385	139.385
Business loans	-	79.081	79.081
Vehicle loans	-	12.037	12.037
Consumer loans	-	48.267	48.267
Other	-	-	-
Commercial installment Loans-FC	1.366	276.504	277.870
Business loans	821	106.688	107.509
Vehicle loans	545	116.760	117.305
Consumer loans	-	53.056	53.056
Other	-	-	-
Corporate credit cards-TL	287.799	703	288.502
With installment	87.437	661	88.098
Without installment	200.362	42	200.404
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	382.774	1.975.511	2.358.285

Prior Period	Short-term	Medium and long-term	Total
Commercial installment loans-TL	58.262	756.177	814.439
Business loans	3.036	196.308	199.344
Vehicle loans	48.075	396.582	444.657
Consumer loans	7.151	163.287	170.438
Other	-	-	-
Commercial installment loans-FC indexed	-	199.773	199.773
Business loans	-	101.807	101.807
Vehicle loans	-	23.898	23.898
Consumer loans	-	74.068	74.068
Other	-	-	-
Commercial installment Loans-FC	4.714	188.075	192.789
Business loans	-	113.768	113.768
Vehicle loans	4.714	32.017	36.731
Consumer loans	-	42.290	42.290
Other	-	-	-
Corporate credit cards-TL	275.382	252	275.634
With installment	71.610	235	71.845
Without installment	203.772	17	203.789
Corporate credit cards-FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft account-TL (Legal Entity)	-	-	-
Overdraft account-FC (Legal Entity)	-	-	-
Total	338.358	1.144.277	1.482.635

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

e. Allocation of loans by customers:

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

f. Breakdown of domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	37.259.587	26.716.668
Foreign loans	2.764.141	1.698.852
Total	40.023.728	28.415.520

g. Loans granted to subsidiaries and associates:

	Current Period		Prior Period	
	TP	YP	TP	YP
Direct Loans Granted to Subsidiaries and Associates	11	-	3	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
Total	11	-	3	-

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

	Current Period	Prior Period
Loans with limited collectability	213.358	250.661
Loans with doubtful collectability	326.635	114.063
Uncollectible loans	522.018	581.907
Total	1.062.011	946.631

Specific provisions in the amount of TL 1.062.011 (December 31, 2019: TL 946.631) comprise TL 360.254 (December 31, 2019: TL 418.351) of participation account share of loans provided from participation accounts.

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

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
Current period			
Gross amount before specific provisions	1.873	1.398	84.076
Restructured loans	1.873	1.398	84.076
Prior Period			
Gross amount before specific provisions	1.645	42.080	92.590
Restructured loans	1.645	42.080	92.590

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

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

	Group III	Group IV	Group V
Current Period	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Closing balance of prior period	466.434	319.648	1.435.641
Additions in the current period (+)	458.743	271.160	185.671
Transfers from other categories of non-performing loans (+)	-	637.588	394.138
Transfers to other categories of non-performing loans (-)	637.588	394.138	-
Collections in the current period (-)	20.077	59.843	263.044
Transfers to standard loans and write off(-)(*)	42.644	108.778	711.726
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Closing balance of the current period	224.868	665.637	1.040.680
Provisions (-)	213.358	326.635	522.018
Net balance at the balance sheet	11.510	339.002	518.662

(*)Includes loans amounting to TL 817.218 transferred to performing loans and written-off loans amounting to TL 45.930.

Non-performing loans in the amount of TL 1.931.185 comprise TL 803.397 of participation account share of loans provided from participation accounts.

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

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

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

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

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period:			
Period end balance	172.913	387.097	50.756
Provision (-)	107.562	287.434	30.358
Net balance	65.351	99.663	20.398
Prior period:			
Period end balance	262.392	19.248	99.860
Specific provision (-)	162.380	5.990	48.339
Net balance	100.012	13.258	51.521

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
Current period (net)	11.510	339.002	518.662
Loans to individuals and corporates (gross)	224.868	665.637	1.040.680
Provision (-)	213.358	326.635	522.018
Loans to individuals and corporates (net)	11.510	339.002	518.662
Banks (gross)	-	-	-
Provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)^(*)	215.773	205.585	853.734
Loans to individuals and corporates (gross)	466.434	319.648	1.435.641
Specific provision (-)	250.661	114.063	581.907
Loans to individuals and corporates (net)	215.773	205.585	853.734
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (net)	-	-	-

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

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

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	23.879	50.624	92.599
Profit Share Accruals and Valuation Differences	36.878	50.710	175.867
Provision (-)	12.999	86	83.268
Prior Period (Net)	19.373	43.571	180.590
Profit Share Accruals and Valuation Differences	25.237	58.290	279.633
Provision (-)	5.864	14.719	99.043

i. Liquidation policy for uncollectible loans:

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

i. Information on write-off policies:

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

7. Information on lease receivables (net):

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	47.008	38.190	54.436	36.045
1 to 4 years	180.849	167.788	137.190	126.827
More than 4 years	97.430	97.020	83.308	80.806
Total	325.287	302.998	274.934	243.678

b. Information on net investments through finance lease:

	Current Period	Prior Period
Financial lease receivables (Gross)	325.287	274.934
Unearned financial lease receivable (-)	22.289	31.256
Net receivable from financial leases	302.998	243.678

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

c. General explanation on finance lease contracts:

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

Information on leasing receivables:

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
			Loans with Revised Contract Terms	Refinancing
Current Period				
Financial lease receivables (Net)	280.158	2.744	20.096	-
Prior Period				
Financial lease receivables (Net)	231.435	10.337	1.906	-

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

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

	Current Period	Prior Period
Opening Balance	124.480	649.688
Additions	201.688	159.027
Disposals	(125.011)	(62.075)
Transfers ^(*)	(91.330)	(835.806)
Impairment Provision(-)/Reversal of Impairment Provision ^(*)	148	213.646
Net closing balance	109.975	124.480

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

As of September 30, 2020, TL 109.967 (December 31, 2019: TL 123.357) of the assets held for sale is comprised of real estates, TL 8 (December 31, 2019: TL 1.123) is comprised of other tangible assets. The Bank has not any discontinued operations and assets of discontinued operations.

9. Ownership investments:

a. Associates:

a.1. Information on unconsolidated associates:

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

a.2. Information on consolidated associates:

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

b. Information on subsidiaries (net):

b1. Information on unconsolidated non financial subsidiaries:

As per BOD decision dated December 22, 2017 "Albaraka Kültür Sanat ve Yayıncılık A.Ş." has been established. As of September 30, 2020, the company's capital is TL 7.000 and the Bank has 51% ownership on it. Since it is a non-financial subsidiary, it has not been consolidated.

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

b2. Information on consolidated subsidiaries:

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

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
3.807.642	172	-	-	-	15	107	-

ii. In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş. whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. As of September 30, 2020, the capital of the company is TL 29.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from unreviewed financial statements as of September 30, 2020.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
44.674	42.696	851	2.379	-	12.000	412	-

iii. As of September 30, 2020 unreviewed financial statements of the Bank's subsidiary "Insha GMBH" based in Berlin (Germany) established under "Europe Digital Banking Project" is as follows;

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

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I. Explanations and notes related to assets (continued):
b2. Information on consolidated subsidiaries (continued):

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
844.360 €	800.211 €	-	-	-	(954.293) €	(1.181.277) €	-

iv. Movement and sectoral information on consolidated subsidiaries:

	Current Period	Prior Period
Amount at the beginning of the period	23.711	11.307
Movements inside the term	(350)	12.404
Purchases/new incorporations/capital increases/capital decreases(-)	(350)	12.404
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	23.361	23.711
Capital commitments	-	-
Share of the capital at the end of the period (%)	100	100

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	23.361	23.711

c. Information on investments in joint-ventures:

The Bank founded Katılım Emeklilik ve Hayat A.Ş. ("Company") – a private pension and insurance company- through equal partnership with Kuveyt Turk Katılım Bankası A.Ş. in the form of joint venture in accordance with Board of Directors' decision dated May 10, 2013 numbered 1186, and permission of BRSA dated September 24, 2013 numbered 4389041421.91.11-24049. The Company was registered on December 17, 2013 and noticed in Trade registry gazette dated December 23, 2013 and numbered 8470. The financial data from unreviewed financial statements as of September 30, 2020 are below.

Joint-Ventures	The Parent Bank's shareholding percentage (%)	Group's shareholding percentage (%)	Current Assets	Non-Current Assets	Long Term Debts	Income	Expense
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	248.795	3.496.032	3.515.913	175.677	(144.846)

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

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I. Explanations and notes related to 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:

None (December 31, 2019: None).

13. Information related to deferred tax asset:

As of September 30, 2020, the Bank calculated net deferred tax asset of TL 241.443 (December 31, 2019: TL 166.390) by netting off deferred tax asset of TL 327.060 (December 31, 2019: TL 229.752) and deferred tax liability of TL 85.617 (December 31, 2019: TL 63.362) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	Current Period	Prior Period
Rediscount on profit share and prepaid fees and commission income and unearned revenues	57.423	56.241
Provisions for retirement premium and vacation pay liabilities	22.765	20.112
Difference between carrying value and tax base of tangible assets (amortisation differences)	30.754	20.010
Depreciation of tangible assets	42.783	42.801
Provisions for cases on trial	4.402	3.444
Revaluation difference of financial assets measured at fair value through other comprehensive income	-	-
Provisions	60.193	24.961
Leasing profit share expenses	20.492	11.832
Other ^(*)	88.248	50.351
Deferred tax asset	327.060	229.752
Revaluation difference of property	19.787	21.063
Rediscount on profit share	12.597	8.445
Right of use assets	35.052	19.710
Other ^(**)	18.181	14.144
Deferred tax liability	85.617	63.362
Deferred tax asset (net)	241.443	166.390

(*) Includes tax asset amounts to TL 86.472 calculated from financial losses (December 31, 2019: TL 50.128) Out of related deferred tax assets, TL 50.128 and TL 36.344 arises from 2019 and 2020 years' financial losses respectively. Since the Bank has projections on that it will acquire adequate taxable income to deduct these amounts in the coming periods, it has recognized TL 86.472 as deferred tax asset.

(**) Includes Revaluation difference of financial assets measured at fair value through other comprehensive income amounting to TL 1.052 (December 31,2019 :TL 11.298) and deferred tax liability calculated for derivative financial instruments amounting to TL 13.651 (December 31,2019 : TL 87).

14. Information on other assets:

As of the balance sheet date, the Bank's other assets balance is TL 426.096 (December 31, 2019: TL 525.865) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.

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II. Explanations and notes related to liabilities:

1. Information on funds collected:

a. Information on maturity structure of funds collected:

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current Accounts									
Non-Trade TL	2.401.452	-	-	-	-	-	-	-	2.401.452
II. Real Persons Participation									
Accounts Non-Trade TL	-	2.754.194	4.967.770	185.789	-	31.344	524.755	12.759	8.476.611
III. Current Account other-TL	2.760.085	-	-	-	-	-	-	-	2.760.085
Public Sector	56.251	-	-	-	-	-	-	-	56.251
Commercial Institutions	2.544.041	-	-	-	-	-	-	-	2.544.041
Other Institutions	130.087	-	-	-	-	-	-	-	130.087
Commercial and Other Institutions	19.391	-	-	-	-	-	-	-	19.391
Banks and Participation Banks	10.315	-	-	-	-	-	-	-	10.315
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	10.264	-	-	-	-	-	-	-	10.264
Participation Banks	49	-	-	-	-	-	-	-	49
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	538.233	2.258.955	50.443	-	35.806	57.563	173	2.941.173
Public Sector	-	56	96	-	-	-	-	-	152
Commercial Institutions	-	488.420	2.078.494	38.489	-	35.303	54.300	173	2.695.179
Other Institutions	-	49.453	180.318	1.788	-	503	3.263	-	235.325
Commercial and Other	-	-	-	-	-	-	-	-	-
Institutions	-	304	20	-	-	-	-	-	324
Banks and Participation Banks	-	-	27	10.166	-	-	-	-	10.193
V. Real Persons Current Accounts									
Non- Trade FC	6.184.271	-	-	-	-	-	-	-	6.184.271
VI. Real Persons Participation									
Accounts Non-Trade FC	-	3.872.633	6.339.745	563.196	-	40.516	1.560.238	5.995	12.382.323
VII. Other Current Accounts FC	7.377.308	-	-	-	-	-	-	-	7.377.308
Residents in Turkey-Corporate	5.470.653	-	-	-	-	-	-	-	5.470.653
Residents Abroad-Corporate	1.387.509	-	-	-	-	-	-	-	1.387.509
Banks and Participation Banks	519.146	-	-	-	-	-	-	-	519.146
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	513.165	-	-	-	-	-	-	-	513.165
Participation Banks	5.981	-	-	-	-	-	-	-	5.981
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts other-FC	-	763.291	3.249.636	126.834	-	17.054	19.507	1.251	4.177.573
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	677.526	2.682.611	53.350	-	8.890	15.956	1.251	3.439.584
Other institutions	-	35.412	32.684	8	-	-	-	-	68.104
Commercial and Other	-	-	-	-	-	-	-	-	-
Institutions	-	50.353	151.611	6.092	-	-	70	-	208.126
Banks and Participation Banks	-	-	382.730	67.384	-	8.164	3.481	-	461.759
IX. Precious Metals Deposits	3.094.372	679.069	1.733.792	61.143	-	14.583	73.545	1.185	5.657.689
X. Participation Accounts Special									
Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts Special									
Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	21.817.488	8.607.420	18.549.898	987.405	-	139.303	2.235.608	21.363	52.358.485

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
I. Real Persons Current									
Accounts Non-Trade TL	1.683.275	-	-	-	-	-	-	-	1.683.275
II. Real Persons Participation									
Accounts Non-Trade TL	-	2.908.832	5.077.473	207.355	-	34.125	401.888	13.686	8.643.359
III. Current Account other-TL	2.516.120	-	-	-	-	-	-	-	2.516.120
Public Sector	68.515	-	-	-	-	-	-	-	68.515
Commercial Institutions	2.345.812	-	-	-	-	-	-	-	2.345.812
Other Institutions	76.454	-	-	-	-	-	-	-	76.454
Commercial and Other Institutions	18.415	-	-	-	-	-	-	-	18.415
Banks and Participation Banks	6.924	-	-	-	-	-	-	-	6.924
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	6.788	-	-	-	-	-	-	-	6.788
Participation Banks	134	-	-	-	-	-	-	-	134
Other	-	-	-	-	-	-	-	-	-
IV. Participation Accounts-TL	-	366.484	1.329.289	41.872	-	56.180	59.858	183	1.853.866
Public Sector	-	56	81	-	-	-	-	-	137
Commercial Institutions	-	323.641	1.140.561	38.821	-	55.674	57.009	183	1.615.889
Other Institutions	-	21.522	185.968	3.051	-	506	2.849	-	213.896
Commercial and Other Institutions	-	21.265	2.288	-	-	-	-	-	23.553
Banks and Participation Banks	-	-	391	-	-	-	-	-	391
V. Real Persons Current									
Accounts Non- Trade FC	3.978.509	-	-	-	-	-	-	-	3.978.509
VI. Real Persons Participation									
Accounts Non-Trade FC	-	3.281.952	5.189.583	463.346	-	30.296	1.062.696	1.388	10.029.261
VII. Other Current Accounts FC	4.845.801	-	-	-	-	-	-	-	4.845.801
Residents in Turkey-									
Corporate	3.240.586	-	-	-	-	-	-	-	3.240.586
Residents abroad-									
Corporate	817.820	-	-	-	-	-	-	-	817.820
Banks and Participation Banks	787.395	-	-	-	-	-	-	-	787.395
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	781.931	-	-	-	-	-	-	-	781.931
Participation Banks	5.464	-	-	-	-	-	-	-	5.464
Other	-	-	-	-	-	-	-	-	-
VIII. Participation Accounts									
other- FC	-	498.817	2.893.485	612.470	-	6.545	14.971	27	4.026.315
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	348.427	2.117.663	39.815	-	6.545	14.922	27	2.527.399
Other Institutions	-	4.130	49.904	6	-	-	-	-	54.040
Commercial and Other Institutions	-	65.806	173.495	4.626	-	-	49	-	243.976
Banks and Participation Banks	-	80.454	552.423	568.023	-	-	-	-	1.200.900
IX. Precious Metals Deposits	878.269	285.168	954.585	27.361	-	9.509	37.828	182	2.192.902
X. Participation Accounts									
Special Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
XI. Participation Accounts									
Special Fund Pools -FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	13.901.974	7.341.253	15.444.415	1.352.404	-	136.655	1.577.241	15.466	39.769.408

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

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

b.1. Exceeding the limit of Insurance Fund:

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

	Under the guarantee of Insurance	Under the guarantee of Insurance	Exceeding the guarantee of Insurance	Exceeding the guarantee of Insurance
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	5.767.488	5.855.401	5.110.576	4.471.232
Foreign currency accounts	6.248.707	4.485.043	17.337.126	11.489.849
Foreign branches' deposits subject to foreign authorities insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	101.341	40.415
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	18.418	16.974
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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II. Explanations and notes related to 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	-	2.390.365	-	978.465
Loans Obtained from Issued Lease Certificates (Sukuk)	3.807.465	-	2.743.027	-
Other	57.953	482.472	100.219	712.914
Total	3.865.418	2.872.837	2.843.246	1.691.379

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	3.865.418	90.608	2.843.246	252.151
Loans from foreign banks, institutions and funds	-	2.782.229	-	1.439.228
Total	3.865.418	2.872.837	2.843.246	1.691.379

a.3. Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	3.835.390	2.318.472	2.813.166	1.129.603
Medium and Long-Term	30.028	554.365	30.080	561.776
Total	3.865.418	2.872.837	2.843.246	1.691.379

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

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

3. Information on derivative financial liabilities:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	2.757	13	504	41
Swap transactions	3.252	159	-	304
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	6.009	172	504	345

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

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

4. Lease payables:

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	4.286	-	6.291	-
1 to 5 years	105.101	839	81.724	1.199
Over 5 years	200.739	13.388	199.740	11.706
Total	310.126	14.227	287.755	12.905

5. Information on provisions:

a. Information on provisions for employee rights:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 101.261 (December 31, 2019: TL 85.961), vacation pay liability amounting to TL 11.420 (December 31, 2019: TL 13.270) totaling to TL 112.681 (December 31, 2019: TL 99.231). Provisions for performance premium has not been allocated in the current period (December 31, 2019: None). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

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

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

	Current Period	Prior Period
Prior period ending balance	85.961	62.147
Change in the period	25.087	20.480
Actuarial (gain)/loss	-	13.716
Paid during the period	(9.787)	(10.382)
Balance at the end of the period	101.261	85.961

b. Other provisions:

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	15.077	11.047
Provisions allocated from profit shares to be distributed to profit sharing accounts	74	-
Third stage expected loss provisions for unindemnified letter of guarantees	3.715	3.686
Third stage expected loss provisions for cheques commitments	3.796	3.883
Provisions for promotions related with credit cards and promotion of banking services	225	224
Provisions for cases on trial(*)	20.008	15.655
Accrual for purchase and sale commitments	411	291
Other	768	735
Total	44.074	35.521

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

5. Information on provisions (continued):

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

As of September 30, 2020, the Bank does not have provision for foreign exchange losses on foreign currency indexed loans and lease receivables (December 31, 2019: TL 901)

6. Information on taxes payable:

a. Explanations on current tax liability:

a.1. Explanations on tax provisions:

As of September 30, 2020, remaining tax liability after offsetting prepaid corporate tax is TL 5.443. (December 31, 2019: TL 4.722).

a.2. Information on taxes payable:

	Current Period	Prior Period
Corporate taxes payable	5.443	4.722
Banking insurance transaction tax	12.789	14.130
Taxation on securities income	17.280	24.408
Value added tax payable	993	1.295
Taxation on real estate income	576	1.230
Foreign exchange transaction tax	10.286	2.274
Income tax deducted from wages	10.485	10.331
Other	907	1.967
Total	58.759	60.357

a.3. Information on premiums:

	Current Period	Prior Period
Social security premiums-employee	5.993	5.483
Social security premiums-employer	6.637	5.948
Bank pension fund premium-employees	-	-
Bank pension fund premium-employer	-	-
Pension fund membership fees and provisions-employees	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	426	390
Unemployment insurance-employer	852	780
Other	-	-
Total	13.908	12.601

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

None (December 31, 2019: None).

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of additional Tier I Capital	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II Capital	-	1.852.099	-	1.375.164
Subordinated loans	-	1.852.099	-	1.375.164
Subordinated debt instruments	-	-	-	-
Total	-	1.852.099	-	1.375.164

The Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Limited amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,5%. The Bank has repurchased the sukuk issued in the amount of USD 18.671.000 and this amount is offset in financial assets measured at fair value through other comprehensive income and subordinated loans.

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

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

None (December 31, 2019: None).

10. Information on shareholders' equity:

a. Presentation of paid-in capital:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There 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 ^(*)	1.122	2.607	4.023	36.033
Foreign exchange difference	-	-	-	-
Total	1.122	2.607	4.023	36.033

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

ğ) Information on other capital reserves:

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

The coupon payment for the related transaction amounting to TL 310.576 (December 31, 2019: TL 172.336) has been recognized under prior years profit / loss.

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

1. Explanations on off balance sheet:

a. Type and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for credit card limits	886.254	769.342
Payment commitments for cheques	640.858	631.606
Asset purchase and sale commitments	580.848	437.404
Loan granting commitments	330.402	262.517
Tax and funds liabilities arising from export commitments	12.411	10.381
Commitments for promotions related with credit cards and banking activities	386	335
Other irrevocable commitments	541	528
Other revocable commitments	4.000	-
Total	2.455.700	2.112.113

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

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

	Current Period	Prior Period
Letters of guarantees	8.918.187	8.718.394
Bank loans	18.275	14.463
Letters of credit	1.554.057	1.329.920
Other guaranties and sureties	101.010	368.661
Total	10.591.529	10.431.438

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

	Current Period	Prior Period
Letters of guarantees	8.918.187	8.718.394
Long standing letters of guarantees	5.659.682	5.448.790
Temporary letters of guarantees	295.067	371.560
Advance letters of guarantees	471.050	362.686
Letters of guarantees given to customs	469.383	366.118
Letters of guarantees given for obtaining cash loans	2.023.005	2.169.240
Sureties and similar transactions	101.010	368.661
Total	9.019.197	9.087.055

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

1. Explanations on off balance sheet (continued):

c. Within the Non-cash Loans

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

	Current Period	Prior Period
Non-cash loans given against cash loans	2.023.005	2.169.240
With original maturity of 1 year or less	554.588	555.521
With original maturity of more than 1 year	1.468.417	1.613.719
Other non-cash loans	8.568.524	8.262.198
Total	10.591.529	10.431.438

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

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

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

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

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

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

1. Information on profit share income:

a. Information on profit share income received from loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share received from loans^(*)				
Short Term Loans	344.709	92.257	469.407	118.915
Medium and Long Term Loans	1.071.429	598.015	1.106.418 ^(**)	386.646
Profit Share on Non-Performing Loans	84.960	2.820	63.621	1.118
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	1.501.098	693.092	1.639.446	506.679

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

^(**) Total TL 104.871 is the accrued profit from profit and loss investments and TL 70.609 of this profit is fair value profit.

b. Information on profit share income received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	6.813	-	22.932	28.821
Domestic Banks	198	387	502	1.616
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
Total	7.011	387	23.434	30.437

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	36.075	32.148	75	2.427
Financial assets measured at fair value through other comprehensive income	69.896	55.795	75.794	46.586
Financial assets measured at amortised cost	83.709	60.490	58.252	13.310
Total	189.680	148.433	134.121	62.323

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	2.966	-	11.397	3.990
Total	2.966	-	11.397	3.990

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

2. Explanations on profit share expenses:

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

Current Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	-	3	166	-	-	-	-	169	
Real persons' non-trading profit sharing accounts	167.290	319.013	13.150	-	2.294	32.562	848	535.157	
Public sector profit sharing accounts	3	5	-	-	-	-	-	8	
Commercial sector profit sharing accounts	26.023	111.964	8.186	-	3.667	3.749	8	153.597	
Other institutions profit sharing accounts	1.918	9.503	141	-	32	206	-	11.800	
Total	195.234	440.488	21.643	-	5.993	36.517	856	700.731	
FC									
Banks	1.102	3.193	2.147	-	45	2	-	6.489	
Real persons' non-trading profit sharing accounts	22.642	37.312	3.675	-	290	13.095	14	77.028	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	3.787	14.712	714	-	51	153	6	19.423	
Other institutions profit sharing accounts	433	1.808	105	-	-	1	-	2.347	
Precious metals deposits	466	1.468	45	-	17	92	1	2.089	
Total	28.430	58.493	6.686	-	403	13.343	21	107.376	
Grand total	223.664	498.981	28.329	-	6.396	49.860	877	808.107	
Prior Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	89	280	-	-	-	-	-	369	
Real persons' non-trading profit sharing accounts	253.376	430.390	14.918	-	2.805	47.978	1.339	750.806	
Public sector profit sharing accounts	8	26	-	-	-	-	-	34	
Commercial sector profit sharing accounts	32.511	191.962	24.573	-	6.492	12.319	4	267.861	
Other institutions profit sharing accounts	2.453	21.794	1.659	-	1.161	636	-	27.703	
Total	288.437	644.452	41.150	-	10.458	60.933	1.343	1.046.773	
FC									
Banks	3.177	11.636	3.363	-	-	-	-	18.176	
Real persons' non-trading profit sharing accounts	46.253	82.538	5.855	-	511	14.872	5	150.034	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	5.978	27.739	1.286	-	154	255	-	35.412	
Other institutions profit sharing accounts	418	3.196	101	-	-	1	-	3.716	
Precious metals deposits	342	1.923	72	-	65	224	11	2.637	
Total	56.168	127.032	10.677	-	730	15.352	16	209.975	
Grand total	344.605	771.484	51.827	-	11.188	76.285	1.359	1.256.748	

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

2. Explanations on profit share expenses (continued):

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	297	43.651	2.434	41.400
CBRT	-	-	-	-
Domestic banks	-	2.966	-	5.415
Foreign banks	297	40.685	2.434	35.985
Head offices and branches abroad	-	-	-	-
Other institutions	201.182	140.613	367.582	176.626
Total	201.479	184.264	370.016	218.026

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	195.592	-	360.912	62.090
Total	195.592	-	360.912	62.090

ç. Profit share expenses paid to marketable securities issued:

None (September 30, 2019: None).

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

Other Fees and Commissions Received	Current Period	Prior Period
Member firm-POS fees and commissions	34.251	59.571
Clearing room fees and commissions	25.716	45.418
Commissions on money orders	20.666	13.690
Appraisal fees	13.217	6.246
Insurance and brokerage commissions	17.897	13.242
Checks and bills commissions	2.516	2.600
Safe deposit box commissions	1.872	1.578
Advocacy service commissions	2	3.500
Service pack commissions	5.510	12.225
Enquiry fees received	1.507	2.222
Fees and commissions from correspondent banks	2.237	1.997
Export credit commissions	4.983	2.085
Prepaid import commissions	13.517	9.116
Pledge Put and Mortgage Release Fees	3.190	-
Other	36.518	25.635
Total	183.599	199.125

Other Fees and Commissions Paid	Current Period	Prior Period
Funds borrowed fees and commissions	5.795	11.397
Credit cards fees and commissions	17.567	14.517
Member firm-POS fees and commissions	21.648	21.534
Fees and commissions for Swift, EFT and money orders	14.808	15.717
Required Reserves Commissions for CBRT in Foreign currency	45.327	-
Other	13.125	6.497
Total	118.270	69.662

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

4. Information on dividend income:

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	-	-	-	-
Financial Assets Measured at Fair Value through Other	-	-	-	-
Comprehensive Income (FVOCI)	-	-	-	-
Other	-	-	2.762	-
Total	-	-	2.762	-

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

	Current Period	Prior Period
Income	14.174.960	7.574.610
Income from capital market transactions	51.733	116.887
Income from derivative financial instruments	161.071	77.799
Foreign exchange income	13.962.156	7.379.924
Loss (-)	14.001.642	7.349.372
Loss on capital market transactions	25.072	1.955
Loss on derivative financial instruments	73.350	103.746
Foreign exchange losses	13.903.220	7.243.671
Trading Income/Loss (net)	173.318	225.238

6. Explanations related to other operating income:

	Current Period	Prior Period
Reversal of prior year provisions	408.070	372.166
Income from sale of assets	42.677	19.649
Communication revenue	10.473	7.968
Reversal of vacation pay expenses provision	-	-
Cheque book charges	1.532	1.333
Operating Lease Income	2.254	7.039
Other income	6.169	24.322 ^(*)
Total	471.175	432.477

^(*) The balance includes TL 13.122 income arising from derivative's accounting and subjection to corporate income tax in the prior periods (this amount is deducted from banking and insurance transaction payable tax), TL 1.520 is the income deducted from banking and insurance transaction payable tax related to investment allowances.

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

7. Informations on Expected Credit Losses:

	Current Period	Prior Period
Expected Credit Loss	891.175	429.109
12 month expected credit loss (stage 1)	95.149	46.589
Significant increase in credit risk (stage 2)	327.637	35.090
Non-performing loans (stage 3)	468.389	347.430
Marketable Securities Impairment Expense	-	1.735
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	1.735
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other (*)	22.814	63.544
Total	913.989	494.388

Expected credit losses amount to TL 913.989 (September 30, 2019: TL 494.388) includes TL 428.553 (September 30, 2019: TL 226.379) representing participation account share of expected credit losses of loans provided from participation accounts.

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

	Current Period	Prior Period
Expected credit losses for 1st and 2nd group non-cash loans	4.186	5.052
Third stage expected loss provision for unindemnified non cash loans	-	2.434
Expected credit losses (stage 1) for banks	18.358	11.656
Profit and loss sharing investments' fair value provision.	-	44.402
Expected credit losses (stage 1) for other financial assets.	270	-
Expected credit losses for financial assets measured at amortized cost	-	-
Total	22.814	63.544

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

8. Information on other operating expenses:

	Current Period	Prior Period
Provision for retirement pay liability	15.300	13.500
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	83.008	73.649
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	14.265	13.297
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	-	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	-	-
Other business expenses	136.556	105.661
<i>Leasing Expenses on TFRS 16 Exceptions</i>	1.173	2.743
<i>Maintenance and repair expenses</i>	22.886	15.048
<i>Advertisement expenses</i>	4.177	6.930
<i>Other expenses^(*)</i>	108.320	80.940
Loss on sale of assets	1.256	881
Other ^(**)	154.653	116.393
Total	405.038	323.381

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

	Current Period	Prior Period
Communication Expenses	19.977	19.059
Donations	12.357	6.407
Cleaning expenses	17.103	13.597
Heating, lighting and water expenses	12.302	10.489
Representation and Hosting expenses	4.830	5.520
Vehicle expenses	3.895	4.873
Lawsuit and court expenses	2.071	2.057
Movables Insurance Expenses	3.675	3.246
Stationery Expenses	2.179	2.350
Expense Share for Common Expenses	2.165	1.996
Group transportation costs	5.643	5.089
Other	22.123	6.257
Total	108.320	80.940

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	79.006	53.562
Taxes, Duties, Charges and Funds	42.547	35.236
Expertise and Information Expenses	17.069	5.944
Audit and Consultancy Fees	6.419	11.382
Institution and Union participation share	8.126	8.288
Other	1.486	1.981
Total	154.653	116.393

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IV. Explanations and notes related to the 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 Bank has no discontinued operations, there is no tax provision for this purpose.

As of September 30, 2020, the Bank has deferred tax income amounts to TL 214.255 (September 30, 2019: TL 154.188) and deferred tax expense amounts to TL 254.890 (September 30, 2019: TL 159.746). There is not any current tax provision (September 30, 2019: None).

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

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

12. Explanations on net income/loss:

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

None.

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

None.

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

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

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

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

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

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

a. Current period:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Balance at the beginning of the period	21	5	115.515	24.405	43	-
Balance at the end of the period	11	15	1.173.341	6.129	329	-
Profit share and commission income received	-	-	23.957	158	7	-

b. Prior period:

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at the beginning of period	1	5	173.457	32.410	19	-
Balance at end of period	21	5	115.515	24.405	43	-
Profit share and commission income received	-	-	3.830	147	-	-

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

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

Risk Group of the Bank ^(*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	20.935	21.495	831.442	604.631	11.073	7.106
Balance at the end of period	42.844	20.935	230.291	831.442	13.771	11.073
Profit share expense	333	2.243	2.510	6.663	190	283

^(*) As of September 30, 2020 wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 53.213.516 and EUR 147.395.197 (December 31, 2019: USD 34.002.557 and EUR 65.082.069). The profit share expense relating to such borrowings for the period between January 1, 2020 – September 30, 2020 is TL 5.980 (September 30, 2019: TL 10.617).

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

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

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

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

As of September 30, 2020, the Bank has paid TL 11.882 (September 30, 2019: TL 13.114) to top management.

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

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

IX. Explanations related to subsequent events:

The Bank’s digital banking initiative Insha operating in Germany, has signed share transfer agreement with Turk Holding on 25 million Euro company valuation for 10% share amounts to TL 2,5 million. The registration process still continues and shares will be transferred after registration.

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

None.

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SECTION SIX

Limited review report

I. Explanations on limited review report:

The Bank’s unconsolidated financial statements as of and for the period ended September 30, 2020 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 limited review report dated November 5, 2020 is presented at the beginning of the financial statements and related notes.

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

None.

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SECTION SEVEN

Information on Interim Report

a. General Information

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

Albaraka Türk Participation Bank, the first and the leading financial institution in interest free banking field in Turkey, has completed its establishment in 1984 and entered into service as of the beginning of the year of 1985. Albaraka Türk is continuing its activities subject to the Banking Law No. 5411. In the partnership structure of Albaraka Banking Group (ABG), one of the leading groups of Middle East, Islamic Development Bank (IDB) and Albaraka Türk, established under the leadership of a domestic industrial group serving to Turkish economy for more than a half century, share of the foreign partners is 62,12%, share of the domestic partners is 3,04% and publicly held share is 34,84%. Partnership structure of Albaraka Türk is the guarantee of the respect and trust we bear.

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

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

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

2. Capital and Shareholders' Structure:

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

Shareholders' Structure of Albaraka Türk as of September 30, 2020		
	Share amount (TL)	Ratio (%)
Foreign Shareholders	838.604	62,12
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
Local Shareholders	41.080	3,04
Publicly Listed	470.316	34,84
Total	1.350.000	100,00

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Information on Interim Report (continued):

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

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

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

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Information on Interim Report (continued):

4. Branch and Personnel Information:

As of September 30, 2020, total number of branches of the Bank is 229 and the total number of personnel is 3.618. Albaraka Türk carries out its activities with 227 domestic branches extended throughout the country and 2 branch abroad in Erbil and Baghdad.

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

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

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

6. Top Management:

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

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

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

7. Managers of Departments within Internal Systems

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

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Information on Interim Report (continued):

8. Committee Information After Distribution of Roles Among BOD:

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

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Information on Interim Report (continued):

II. Banks Financial Information and Evaluations:

1. Main Financial Figures:

ASSETS	Current Period	Prior Period
Cash and Balances with The Central Bank	10.143.898	8.795.909
Banks	4.063.897	4.187.332
Government Securities (Sukuk) (Net)	9.153.832	4.433.230
Loans and Receivables	41.954.913	30.637.243
Financial Leasing Receivables	302.998	243.678
Others	2.775.246	3.094.976
TOTAL ASSETS	68.394.784	51.392.368
LIABILITIES	Current Period	Prior Period
Funds Collected	52.358.485	39.769.408
Funds Borrowed	6.738.255	4.534.625
Subordinated Loans	1.852.099	1.375.164
Shareholders' Equity	3.972.201	3.821.929
Others	3.473.744	1.891.242
TOTAL LIABILITIES	68.394.784	51.392.368
INCOME AND EXPENSE ITEMS	Current Period	Prior Period
Profit Share Income	2.553.540	2.442.950
Profit Share Expense	1.317.645	1.995.224
Net Profit Share Income/Expenses	1.235.895	447.726
Net Fees and Commissions Income/Expenses	162.576	223.812
Trading Income/Loss (Net)	173.318	225.238
Other Operating Income	471.175	432.477
Net Operating Income/ (Losses)	178.351	17.023
Tax Provision For Continued Operations (-+)	40.635	5.558
NET PROFIT/LOSSES	137.716	11.465
Earnings Per Share (Full TL)	0,100	0,013

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Information on Interim Report (continued):

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

Dear Stakeholders,

Since the beginning of 2020, the world has been experiencing its biggest health crisis after the Spanish flu. While the coronavirus is at the top of the agenda with the number of cases exceeding 40 million and the number of deaths exceeding 1 million; it also disrupts expectations for the near, middle and distant future. The fact that the second wave started especially in Europe and the fact that there was no significant decrease in the number of cases in the USA, India and Brazil makes it difficult for us to have a prediction about the course of the pandemic. The daily number of new cases, which started to come higher than the first wave, pushed European countries to take action. Some countries have gradually reintroduced their partial quarantine rules. Therefore, it is expected that quarantine rules will be tightened in the coming period. Although countries entered the path of recovery in June, the pace of recovery declined in September. In PMI data that measure the improvement compared to the previous month, it is seen that there is a pullback especially in the service sector. It is obvious that there will be no "V" type growth in a possible serious quarantine. While global central banks continue their balance sheet expansion activities, governments continue with fiscal stimulus packages. While the manufacturing industry is learning to live with the virus, we see a relative increase in capacity utilization rates and economic activities. However, the role of risks and uncertainties in making new investments is one of the factors that reduce growth. The service sector, on the other hand, is experiencing a more difficult process than the manufacturing industry. Especially, the fact that tourism came to a halt put airline companies in a difficult position. In addition, the decrease in the capacity of some places due to social distance is one of the factors that suppress recovery. While the Fed and ECB continue their balance sheet expansion activities, interest rates are not expected to enter an increase path before 2023. While other central banks cut interest rates, they also increased their balance sheets. In light of all this, while Europe and the US are experiencing an unprecedented contraction, a relative recovery is expected in the third quarter.

In Turkey, while there is a contraction level of 10 percent in the second quarter, not a contraction at this level, but a contraction close to zero or a growth close to zero is expected in the third quarter. On the foreign trade side, the drop in exports more than imports negatively affected growth and increased the demand for foreign exchange. Price increases in foreign exchange-driven imported goods had a negative impact on inflation. Before the pandemic, inflation was expected to decline in March and close the year in single or low double digits. However, inflation, which was 11.75 percent in September, is expected to be at these levels for the rest of the year. Therefore, the tightening moves and interest rate increases made by the CBRT since the beginning of August will raise the WAFC at the end of the year. We expect that the increase in interest rates will prevent the increase in the exchange rate. On the other hand 405 billion cubic meters of natural gas which was discovered in the Black Sea in the 3. quarter and revised upwards in October is expected to have a favorable effect on Turkey's balance of payments and the demand to foreign exchange in the coming years. The most important risk affecting the real sector domestically is the size of the second wave in the pandemic. While the real sector confidence index was realized as 105 in September, the fact that the capacity utilization rate realized at 74 percent provides a positive outlook in the manufacturing industry, high levels in the service sector confidence and volume indices have not yet been observed. In this period, the banking sector was one of the stakeholders that positively affected growth by supporting economic activity, especially with the credit mechanism, under the leadership of the public. Our bank acted in line with this trend and achieved growth especially in SME, housing and vehicle areas with many campaigns that encourage funding. During the crisis, it stood by the real sector by showing that the working principles of participation banking are more durable than the traditional banking model and carried out activities that added value to the real economy.

In the coming period, our bank will continue to invest in digitalization, which is the spirit of the times, and prepare for the future world. We, as Albaraka Turk, shall continue to meet financial needs of our customers as it has been in 35 years by increasing the energy needed for our growth with our management team professionalizing more every passing day with the awareness and responsibility of being the first and pioneer Participation Bank of Turkey, our young and dynamic human resource and the organization we have. Our Bank, as it was yesterday, will continue to take firm steps today and tomorrow by expanding its activities with the motto "There Is More" in line with its vision of "Becoming the Best Participation Bank in the World". Our Bank shall continue to be a pioneer in the sector with its employees and stakeholders; and shall serve for sustainable growth and development also in the forthcoming periods. Hereby, I'd like to take this opportunity to thank my colleagues, our customers, shareholders and all our stakeholders for their contribution in our success.

Respectfully Yours,

Adnan Ahmed Yusuf ABDULMALEK
Chairman of the Board of Directors

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Information on Interim Report (continued):

3. Message from the CEO

Dear Precious Stakeholders,

The coronavirus effects that emerged in the first quarter of 2020 are still manifesting themselves, the predictions for when this pandemic period will end are quite different. While the recovery in the general framework gained speed in the third quarter, the recovery rate returns to normal in September. With the increase of cases in Europe, quarantine conditions are brought to the agenda again, while a comprehensive quarantine is not expected as in the first wave. While monetary expansion moves continue on the monetary policy side, expansionary steps on the fiscal policy side are expected to continue to support economic activity. As of June, when the normalization process started in our country, economic activities were revived. Sectors were supported especially through loan growth and economic activity accelerated. In the banking sector, there was a significant loan growth in the third quarter until the beginning of September. This growth will increase profitability in the banking sector and decrease NPL figures in the first stage. In particular, the continued increase in economic activity will provide significant benefits in terms of loan repayments. The loan growth rate started to stabilize due to the updates made in the Asset Ratio and required reserves and the decisions taken by the CBRT and the interest rate increases which are also accompanied by the banks.

We, as Albaraka Turk, continue our contribution to the normalization process by responding quickly to the needs of the real sector, with the awareness of our responsibility. In the last quarter, we increased the limits of our commercial customers and stood by our SMEs with the SME Support Package. On the individual side, we helped many of our customers to buy housing and vehicles. In addition, thanks to our technological infrastructure, we continued to provide uninterrupted service to our customers by ensuring that our head office and branch staff can continue their work from time to time with remote access from anywhere. The importance of digital products and services has once again emerged during the epidemic process. As Albaraka Turk, we continue to support the entrepreneurship ecosystem by reacting urgently and decisively to this global crisis, both with our incubation center and our Venture Capital Investment Funds. We continue our work with the aim of offering all physical branch services in end-to-end digital environments, by catching the developments in the rapidly changing and renewed financial world and investing in the digital banking of the future. We believe that moves that will increase customer satisfaction, especially with applications such as Cash Simple, will carry our Bank forward in terms of digital banking. Our digital bank Insha, which was brought to life with the culture and knowledge gained in Albaraka Garaj, received an investment of ten percent with a valuation of 232 million TL from the firm called "Param", which has an electronic money account. With an investment of 23.2 million TL, Insha will accelerate access to new countries in Europe. In addition, with our experience in this field, we will continue to contribute to the sector in terms of digital banking in the following periods. In September, we were among the investors of the Bilişim Vadisi Venture Capital Investment Fund together with Vakıf Participation Bank in order to support such entrepreneurship practices. This 100 Million TL partnership will create a model that will support start-ups in terms of technology and will be one of the biggest funds in terms of venture capital. On the other hand, we made an important breakthrough in economic research. We broke new ground in participation banking in the field of economic research by sharing daily, weekly and monthly reports, sector and outlook reports with the site named Banknot.

Our Bank which is the Turkey's first participation bank and maintains its goal of becoming the world's best participation bank has prioritized the health of its employees during the epidemic process with an understanding that values people. The practices we carried out in order to ensure that our colleagues with whom we walked together were affected as little as possible from the pandemic were found successful as a result of the inspections carried out by TSI. Being the first bank to receive the TSE "Covid-19 Safe Service Certificate" for its head office building, our Bank serves its employees and customers with an understanding that prioritize health.

With the projects and progresses we have performed in accordance with the goal of "Being the Best Participation Bank of the World" we are continuing to show efforts to offer the best banking experience to our customers. As Albaraka Turk, with all our activities we have developed and increased in every field, we will continue our efforts diligently and devotedly in order for the participation banking in our country to reach its 2023 targets. I would like to express my warmest thanks to all our stakeholders who have not begrudged their contribution and supports in our efforts awarded with trust and support of our Customers.

Respectfully Yours,

Melikşah UTKU
Board Member and CEO

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Information on Interim Report (continued):

4. Activities in the Third Quarter of 2020:

- In the first nine months of 2020, our total assets have actualized as TL 68.394.784.
- In the first nine months of 2020, the funds our Bank has collected through "Special Current Accounts" and "Participation to Profit and Loss Accounts" has been TL 52.358.485 as of September 30, 2020.
- Participation accounts has been actualized TL 30.540.997 as of third quarter of 2020. Our Bank's Fund Collecting Activities are carried out through our branches, our bank's branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
TL Funds	16.579.321	2.144.247	14.696.620	2.479.187	12,81	(13,51)
Current Accounts	5.161.537	667.555	4.199.395	708.400	22,91	(5,77)
Participation Accounts	11.417.784	1.476.692	10.497.225	1.770.787	8,77	(16,61)
FC Funds	35.779.164	4.627.415	25.072.788	4.229.552	42,70	9,41
Current Accounts	16.655.951	2.154.158	9.702.579	1.636.737	71,67	31,61
Participation Accounts	19.123.213	2.473.257	15.370.209	2.592.815	24,42	(4,61)
TOTAL	52.358.485	6.771.662	39.769.408	6.708.739	31,66	0,94

TL and USD Equivalent	Current Period		Prior Period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits (*)	40.326.726	5.215.563	28.659.198	4.834.548	40,71	7,88
Non-performing Loans	1.931.185	249.765	2.221.723	374.785	(13,08)	(33,36)
Provisions	(1.062.011)	(137.353)	(946.631)	(159.688)	12,19	(13,99)
TOTAL	41.195.900	5.327.975	29.934.290	5.049.645	37,62	5,51

(*) Financial Leasing Receivables included.

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

Balance Sheet Period	USD/TL
As of September 30, 2020	7,732
As of December 31, 2019	5,928

5. Evaluation on Financial Status, Profitability and Solvency:

- Our operating income has been TL 2.042.964.
- Our net profit share income has been TL 1.235.895, increasing by 176,04%, and, net fees and commission revenues have been TL 162.576.
- Our net profit has been TL 137.716 for the first nine months of the year.
- As of September 30, 2020, our capital adequacy ratio is actualized as 15,29%, over the minimum ratio.

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Information on Interim Report (continued):

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

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

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Information on Interim Report (continued):

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

AGENDA:

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

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

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

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Information on Interim Report (continued):

- In the General Assembly Meeting held on 26.03.2020, it was decided to determine the number of members of the board of directors as 11, including the General Manager, who is the natural member of the board of directors and the term of the elected board members as 3 years. Apart from the General Manager, who is the natural member of the board of directors, 10 members of the board of directors, Mr. Adnan Ahmed Yusuf Abdulmalek, Mr. Mustafa Büyükbacı, Mr. İbrahim Fayez Humaid Alshamsi, Mr. Kemal Varol, Mr. Süleyman Kalkan, Mr. Mohamed Ali Chatti, Mr. Mehmet Ali Gökce, Mr. Housseem Ben Haj Amor, Mr. Tawfig Shaker M. Mutfi, Mr. Ghassan Ahmed M. Amodi were appointed as board member. From these Members; Mr. Süleyman Kalkan, Mr. Mohamed Ali Chatti, Mr. Mehmet Ali Gökce and Mr. Ghassan Ahmed M. Amodi were appointed as independent board members.
- At the General Assembly Meeting held on 26.03.2020, Güney Bağımsız Denetim ve SMMM A.Ş. was selected as an independent audit firm/auditor.
- The registration process of the decisions of the Ordinary General Assembly Meeting held on 26 March 2020 has been completed by the Istanbul Chamber of Commerce on 8 April 2020.
- In the report of National Investors Rating dated 05/06/2020, our Bank's CMB Corporate Governance Principles Compliance Rating Score was determined as 9.09.
- Within the frame of the Buyback Program accepted at the Ordinary General Assembly Meeting held on 25.03.2015. A total of 9,211,341 sales of the repurchased Albaraka Türk Katılım Bankası A.Ş.'s shares in the price range of 1.58-1.60 were carried out by our partnership. With this transaction, our company's share in Albaraka Türk Katılım Bankası A.Ş. capital decreased to 0.00%.
- The National Investor Services Rating company has affirmed our Bank's National Credit Rating as A+(tr)/A1(tr) and the outlook as Stable.
- Islamic International Rating Agency (IIRA) has affirmed our Bank's International Foreign Currency Credit Rating at BB+/A3, the International Local Currency Credit Rating at BBB-/A3 and the outlook as negative.
- Within the scope of the decisions taken by our bank's board of directors, the following matters have been decided; Hasan ALTUNDAĞ has been appointed as the Assistant General Manager responsible for sales, and Mehmet Fatih YORULMAZ has been appointed as the Assistant General Manager in charge of Marketing; the Ombudsman structure will be established and will operate directly under the General Director; the Strategic Planning Unit and the Chief Economist Unit will be merged and a new unit, called the Strategic Planning and Economic Research Unit, will operate directly under the General Manager; by merging the Construction and Real Estate Unit and the Administrative Affairs Unit, a new directorate called the Administrative Affairs and Purchasing Unit will continue to operate under the business line of the above-mentioned two directorates.
- It has been decided to appoint Ms. Yasemin Aydın, our Bank's Digital Channels and Payment Systems Development Manager, as the Director responsible for Digital Channels and Payment Systems Development Department, Payment Systems Operations Manager and Call Center Management, and Mr. Mehmet Uludağ, Commercial and SME Sales Manager, as the Director responsible for the Ombudsman structure.
- It was decided to establish a new company by the Innovation Venture Capital Investment Fund under Albaraka Pörföy Management A.Ş. in order to explore new business areas in the finance industry, transform these business areas into fintechs and develop new income models; and it was decided to change the name of the Sustainability and Social Responsibility Committee to the Sustainability Committee.
- Pursuant to the "Lease Certificates Communiqué" numbered III-61.1 of the Capital Markets Board, it was decided to establish a Special Purpose Vehicle Company with the title of Value Special Purpose Vehicle with a capital of TL 50,000, in accordance with national regulations in order to realize the lease certificate of corporate customers.

ALBARAKA TRK KATILIM BANKASI A..
NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2020
(Thousand of Turkish Lira (TL) unless otherwise stated)

- Due to the fact that the asset ratio of our Bank is below the rate determined in the decision of the Banking Regulation and Supervision Agency dated 18.04.2020 and numbered 9000, it has been decided to impose an administrative fine of 20,638,020 TL on our bank. The said Administrative fine will be paid using a 25% discount in advance payment in accordance with the relevant legislation, without prejudice to our legal rights.
- Our Bank's Sustainability Report for 2019 has been published in the attachment. The Turkish and English Sustainability Reports can be found on our website <https://www.albaraka.com.tr/>.
- The Capital Markets Board has given an appropriate opinion on the text of the articles of association prepared for the establishment of Value Special Purpose Vehicle Company by Albaraka Trk Katılım Bankası A..
- All of the shares of our subsidiary Albaraka Teknoloji Biliim Sistemleri ve Paz. Tic. A.. was sold to the Innovation Venture Capital Investment Fund under Albaraka Portfy Ynetimi A..
- Within the scope of the decision taken by our Bank's board of directors, it has been decided to make a commitment of up to 35.000.000 TL (Thirty Five Million Turkish lira) for the purchase of the shares of the Biliim Vadisi Venture Capital Investment Fund which will be founded and managed by our subsidiary Albaraka Portfy Ynetimi A..
- The issues that took place during the period January 1, 2020 - September 30, 2020 were announced to the public and uploaded to the Public Disclosure Platform as notifications. All of these announcements are shared in the Investor Relations section of the Albaraka Trk website.
<https://www.albaraka.com.tr/ozel-durum-aciklamalari.aspx>