

# **Albaraka Türk Katılım Bankası Anonim Şirketi**

**Unconsolidated financial statements  
and related disclosures at March 31, 2023  
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)



## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of Albaraka Türk Katılım Bankası Anonim Şirketi;

### *Introduction*

We have reviewed the unconsolidated balance sheet of Albaraka Türk Katılım Bankası Anonim Şirketi ("the Bank") at 31 March 2023 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 three-month period then ended. The Bank management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "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 and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited 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 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.

### *Basis for the Qualified Conclusion*

As explained in Section Five Part II. 5.b of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 March 2023 include a free provision amounting to TL 1.885.000 thousand which consist of TL 1.800.000 thousand provided in prior periods and TL 85.000 thousand recognized in the current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.



#### *Qualified Conclusion*

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the unconsolidated financial position of Albaraka Türk Katılım Bankası Anonim Şirketi at 31 March 2023 and the results of its unconsolidated operations and its unconsolidated cash flows for the three-month period then ended 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 Seven, is not consistent with the reviewed unconsolidated financial statements and disclosures in all material respects.

#### *Additional Paragraph for Convenience Translation:*

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 March 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Didem Demer Kaya, SMMM  
Partner

Istanbul, 4 May 2023


**UNCONSOLIDATED FINANCIAL REPORT OF ALBARAKA TÜRK KATILIM BANKASI A.Ş.  
AS OF AND FOR THE THREE-MONTH MARCH 31, 2023**

Bank's headquarter address : Saray Mah. Dr. Adnan Büyükdeniz Cad. No:6  
34768 Ümraniye/İstanbul  
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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, 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.



**Houssem BEN HAJ AMOR**  
Chairman of the Board of  
Directors



**Malek Khodr TEMSAH**  
General Manager



**Umut ÇAKMAK**  
Assistant General  
Manager



**Kemaleddin DİLBAZ**  
Financial Reporting and  
Budget Management  
Manager



**Mustafa BÜYÜKABACI**  
Chairman of the Audit  
Committee



**Mohamed Ali CHATTI**  
Member of the Audit  
Committee

Contact information of the personnel in charge of the addressing of questions about this financial report:

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**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2023**  
*(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 Türkiye 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 Türkiye 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 223 (December 31, 2022: 223) local branches and 2 (December 31, 2022: 2) foreign branches and with 2.648 (December 31, 2022: 2.695) staff as of March 31, 2023.

**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 March 31, 2023, 43,37% (December 31, 2022: 43,37%) of the Bank's shares are owned by Albaraka Group, 8,30% (December 31, 2022: 8,30%) owned by Dallah Albaraka Group, 4,23% (December 31, 2022: 4,23%) owned by Islamic Development Bank, 42,02% (December 31, 2022: 42,02%) 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 MARCH 31, 2023**  
*(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:**

<b>Title</b>	<b>Name and Surname</b>	<b>Administrative Function and Responsibility</b>	<b>Educational Degree</b>	<b>Ownership Percentage (%)</b>
<b>Chairman of the Board of Directors (BOD):</b>	Housseem BEN HAJ AMOR	Chairman of BOD	Bachelor	-
<b>Members of BOD:</b>	Dr. Bekir PAKDEMİRLİ	Deputy Independent Member of BOD	Doctorate	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Mohamed Ali CHATTI	Member of BOD	Doctorate	-
	Ghassan Ahmed M. AMODI	Independent Member of BOD	Bachelor	-
	Khaled A. Mohamed ATEEQ	Member of BOD	Doctorate	-
	Azhar Aziz DOGAR	Member of BOD	Master	-
	Akram YASSIN	Independent Member of BOD	Master	-
<b>General Manager:</b>	Malek Khodr TEMSAH	Member of BOD/ General Manager	Master	-
<b>Assistant General Managers:</b>	Turgut SİMİTCİOĞLU	Chief Assistant General Manager	Master	-
	Muhammet Faruk TORLAK	Assistant General Manager Responsible for Credits	Doctorate	-
	Mehmet Emin ÇONKAR	Assistant General Manager Responsible for Credit Monitoring and Legal Follow-Up	Bachelor	-
	Serhan YILDIRIM	Assistant General Manager Responsible for Treasury and International Banking	Bachelor	-
	Muzaffer ÇÖLMEK	Assistant General Manager Responsible for Operations	Bachelor	-
	Mehmet ULUDAĞ	Assistant General Manager Responsible for Individual and Private Banking	Master	-
	Serhan AKYILDIZ	Assistant General Manager Responsible for Corporate Banking	Bachelor	-
	Umut ÇAKMAK	Assistant General Manager Responsible for Finance and Human Values	Bachelor	-
	Ömer EMEÇ	Assistant General Manager Responsible for Strategy and Transformation	Doctorate	-
	Yasemin AYDIN	Assistant General Manager Responsible for Information Technologies and Digital Channels Development	Master	-
<b>Audit Committee:</b>	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Dr. Mohamed Ali CHATTI	Member of Audit Committee	Doctorate	-

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

The Bank's paid in capital amounting to TL 2.500.000 consists of 2.500.000.000 number of shares with a nominal value of TL 1 (full) for each share. TL 1.084.167 of the paid in capital is owned by qualified shareholders who are listed below.

<b>Name/commercial name</b>	<b>Share amount (nominal)</b>	<b>Share ratio (*)</b>	<b>Paid shares</b>	<b>Unpaid shares</b>
Albaraka Group	1.084.167	43,37%	1.084.167	-

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



**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2023**  
*(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, Neova Sigorta, Coface Sigorta, HDI Sigorta and HDI Katılım Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Agesa 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 consolidates Katılım Emeklilik ve Hayat A.Ş., an entity under common control, and Bereket Varlık Kiralama A.Ş., Değer Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Getinsha GmbH the subsidiaries of the Bank, through equity method and full consolidation method, respectively. Real estate investment funds "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bereket Katılım Gayrimenkul Yatırım Fonu" and Venture Capital Investment Funds: "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Inovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Kira Sertifikaları Katılım Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. İkinci Kira Sertifikaları Katılım Girişim Sermayesi Yatırım Fonu" and "Bereket One Ltd", "Albaraka Sukuk Ltd" and "Albaraka CT One Ltd" which are not subsidiaries of the Bank but over which the Bank has 100% controlling power have been included in the consolidation due to the reason that these companies are "Structured Entity".

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

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

## **SECTION TWO**

### **The unconsolidated financial statements**

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

ASSETS	Notes (Section Five-I)	CURRENT PERIOD March 31, 2023			PRIOR PERIOD December 31, 2022		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>12.701.609</b>	<b>34.397.311</b>	<b>47.098.920</b>	<b>12.561.907</b>	<b>37.196.320</b>	<b>49.758.227</b>
<b>1.1 Cash and Cash Equivalents</b>	<b>(1)</b>	<b>4.939.067</b>	<b>24.262.830</b>	<b>29.201.897</b>	<b>6.432.070</b>	<b>27.376.196</b>	<b>33.808.266</b>
1.1.1 Cash and Balances with Central Bank		2.312.765	19.133.894	21.446.659	2.326.791	22.538.285	24.865.076
1.1.2 Banks		2.713.962	5.172.916	7.886.878	2.480.687	4.859.165	7.339.852
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		87.660	43.980	131.640	101.123	21.254	122.377
<b>1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>	<b>(2)</b>	<b>6.947.433</b>	<b>9.047.713</b>	<b>15.995.146</b>	<b>5.265.144</b>	<b>8.433.506</b>	<b>13.698.650</b>
1.2.1 Government Securities		3.161.154	8.989.694	12.150.848	3.005.016	8.381.142	11.386.158
1.2.2 Equity Securities		-	42.316	42.316	-	37.912	37.912
1.2.3 Other Financial Assets		3.786.279	15.703	3.801.982	2.260.128	14.452	2.274.580
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>	<b>(3)</b>	<b>806.216</b>	<b>1.086.768</b>	<b>1.892.984</b>	<b>850.542</b>	<b>1.386.618</b>	<b>2.237.160</b>
1.3.1 Government Securities		726.173	107.091	833.264	650.796	603.298	1.254.094
1.3.2 Equity Securities		7.667	24.578	32.245	7.667	23.865	31.532
1.3.3 Other Financial Assets		72.376	955.099	1.027.475	192.079	759.455	951.534
<b>1.4 Derivative Financial Assets</b>	<b>(5)</b>	<b>8.893</b>	<b>-</b>	<b>8.893</b>	<b>14.151</b>	<b>-</b>	<b>14.151</b>
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		8.893	-	8.893	14.151	-	14.151
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>		<b>59.807.965</b>	<b>40.176.089</b>	<b>99.984.054</b>	<b>49.455.730</b>	<b>42.620.222</b>	<b>92.075.952</b>
<b>2.1 Loans</b>	<b>(6)</b>	<b>54.285.543</b>	<b>27.682.615</b>	<b>81.968.158</b>	<b>45.080.822</b>	<b>29.515.189</b>	<b>74.596.011</b>
<b>2.2 Lease Receivables</b>	<b>(7)</b>	<b>528.817</b>	<b>550.714</b>	<b>1.079.531</b>	<b>322.764</b>	<b>585.979</b>	<b>908.743</b>
<b>2.3 Financial Assets Measured at Amortised Cost</b>	<b>(4)</b>	<b>6.646.047</b>	<b>13.809.934</b>	<b>20.455.981</b>	<b>6.198.303</b>	<b>13.252.626</b>	<b>19.450.929</b>
2.3.1 Government Securities		6.636.395	13.549.947	20.186.342	6.032.245	13.127.122	19.159.367
2.3.2 Other Financial Assets		9.652	259.987	269.639	166.058	125.504	291.562
<b>2.4 Expected Credit Losses (-)</b>	<b>(6)</b>	<b>1.652.442</b>	<b>1.867.174</b>	<b>3.519.616</b>	<b>2.146.159</b>	<b>733.572</b>	<b>2.879.731</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(8)</b>	<b>337.297</b>	<b>-</b>	<b>337.297</b>	<b>341.132</b>	<b>-</b>	<b>341.132</b>
3.1 Asset Held for Resale		337.297	-	337.297	341.132	-	341.132
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. OWNERSHIP INVESTMENTS (Net)</b>	<b>(9)</b>	<b>25.100</b>	<b>64.221</b>	<b>89.321</b>	<b>25.100</b>	<b>64.221</b>	<b>89.321</b>
<b>4.1 Associates (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>5.100</b>	<b>64.221</b>	<b>69.321</b>	<b>5.100</b>	<b>64.221</b>	<b>69.321</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		5.100	64.221	69.321	5.100	64.221	69.321
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>20.000</b>	<b>-</b>	<b>20.000</b>	<b>20.000</b>	<b>-</b>	<b>20.000</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		20.000	-	20.000	20.000	-	20.000
<b>V. TANGIBLE ASSETS (Net)</b>	<b>(10)</b>	<b>2.707.869</b>	<b>25.455</b>	<b>2.733.324</b>	<b>2.705.460</b>	<b>27.231</b>	<b>2.732.691</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(11)</b>	<b>207.087</b>	<b>-</b>	<b>207.087</b>	<b>166.752</b>	<b>-</b>	<b>166.752</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		207.087	-	207.087	166.752	-	166.752
<b>VII. INVESTMENT PROPERTY (Net)</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>573</b>	<b>-</b>	<b>573</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(13)</b>	<b>536.025</b>	<b>-</b>	<b>536.025</b>	<b>453.731</b>	<b>-</b>	<b>453.731</b>
<b>X. OTHER ASSETS</b>	<b>(14)</b>	<b>1.246.950</b>	<b>253.963</b>	<b>1.500.913</b>	<b>609.957</b>	<b>112.343</b>	<b>722.300</b>
<b>TOTAL ASSETS</b>		<b>77.570.475</b>	<b>74.917.039</b>	<b>152.487.514</b>	<b>66.319.769</b>	<b>80.020.337</b>	<b>146.340.106</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)**  
**AS OF MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

LIABILITIES	Notes (Section Five-II)	CURRENT PERIOD March 31, 2023			PRIOR PERIOD December 31, 2022		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	<b>(1)</b>	<b>59.941.945</b>	<b>54.155.005</b>	<b>114.096.950</b>	<b>51.544.182</b>	<b>61.131.615</b>	<b>112.675.797</b>
<b>II. FUNDS BORROWED</b>	<b>(2)</b>	<b>2.220.192</b>	<b>7.936.301</b>	<b>10.156.493</b>	<b>940.461</b>	<b>3.471.519</b>	<b>4.411.980</b>
<b>III. BORROWINGS FROM MONEY MARKETS</b>		<b>224.131</b>	<b>323.991</b>	<b>548.122</b>	-	<b>7.817.681</b>	<b>7.817.681</b>
<b>IV. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(3)</b>	<b>6.208</b>	<b>4.065</b>	<b>10.273</b>	<b>12.819</b>	<b>1.660</b>	<b>14.479</b>
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		6.208	4.065	10.273	12.819	1.660	14.479
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES</b>	<b>(4)</b>	<b>496.335</b>	<b>26.893</b>	<b>523.228</b>	<b>450.407</b>	<b>26.399</b>	<b>476.806</b>
<b>VIII. PROVISIONS</b>	<b>(5)</b>	<b>2.483.839</b>	<b>22.190</b>	<b>2.506.029</b>	<b>2.558.145</b>	<b>17.375</b>	<b>2.575.520</b>
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		523.946	-	523.946	685.577	-	685.577
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		1.959.893	22.190	1.982.083	1.872.568	17.375	1.889.943
<b>IX. CURRENT TAX LIABILITY</b>	<b>(6)</b>	<b>759.366</b>	<b>32.211</b>	<b>791.577</b>	<b>704.214</b>	<b>32.539</b>	<b>736.753</b>
<b>X. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(7)</b>	-	-	-	-	-	-
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED LOANS</b>	<b>(8)</b>	-	<b>6.872.048</b>	<b>6.872.048</b>	-	<b>4.694.238</b>	<b>4.694.238</b>
12.1 Loans		-	6.872.048	6.872.048	-	4.694.238	4.694.238
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	<b>(9)</b>	<b>4.131.232</b>	<b>4.374.773</b>	<b>8.506.005</b>	<b>3.076.607</b>	<b>1.741.272</b>	<b>4.817.879</b>
<b>XIV. SHAREHOLDERS' EQUITY</b>	<b>(10)</b>	<b>8.473.286</b>	<b>3.503</b>	<b>8.476.789</b>	<b>8.090.431</b>	<b>28.542</b>	<b>8.118.973</b>
14.1 Paid-In Capital		2.500.000	-	2.500.000	2.500.000	-	2.500.000
14.2 Capital Reserves		3.312.342	-	3.312.342	1.608.402	-	1.608.402
14.2.1 Share Premium		23.278	-	23.278	23.278	-	23.278
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		3.289.064	-	3.289.064	1.585.124	-	1.585.124
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		820.497	-	820.497	841.487	-	841.487
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		767.194	3.503	770.697	681.085	28.542	709.627
14.5 Profit Reserves		1.519.993	-	1.519.993	1.832.302	-	1.832.302
14.5.1 Legal Reserves		280.104	-	280.104	148.376	-	148.376
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.239.889	-	1.239.889	1.683.926	-	1.683.926
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(446.740)	-	(446.740)	627.155	-	627.155
14.6.1 Prior Years Profit/(Loss)		(963.712)	-	(963.712)	(738.341)	-	(738.341)
14.6.2 Current Year Profit/(Loss)		516.972	-	516.972	1.365.496	-	1.365.496
<b>TOTAL LIABILITIES</b>		<b>78.736.534</b>	<b>73.750.980</b>	<b>152.487.514</b>	<b>67.377.266</b>	<b>78.962.840</b>	<b>146.340.106</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET**  
**AS OF MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	CURRENT PERIOD March 31, 2023			PRIOR PERIOD December 31, 2022		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>18.048.132</b>	<b>12.612.564</b>	<b>30.660.696</b>	<b>16.770.259</b>	<b>13.216.005</b>	<b>29.986.264</b>
<b>I. GUARANTEES AND SURETIES</b>	(1)	<b>11.974.987</b>	<b>10.176.510</b>	<b>22.151.497</b>	<b>11.430.631</b>	<b>9.692.379</b>	<b>21.123.010</b>
1.1. Letters of Guarantees		11.852.216	6.582.990	18.435.206	11.302.364	6.147.271	17.449.635
1.1.1. Guarantees Subject to State Tender Law		1.792.000	259.959	2.051.959	1.704.625	223.781	1.928.406
1.1.2. Guarantees Given for Foreign Trade Operations		165	2.214.679	2.214.844	165	2.104.485	2.104.650
1.1.3. Other Letters of Guarantee		10.060.051	4.108.352	14.168.403	9.597.574	3.819.005	13.416.579
1.2. Bank Loans		-	37.395	37.395	-	70.414	70.414
1.2.1. Import Letter of Acceptances		-	37.395	37.395	-	70.414	70.414
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		4.653	3.537.182	3.541.835	11.385	3.456.459	3.467.844
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		4.653	3.537.182	3.541.835	11.385	3.456.459	3.467.844
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Türkiye		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	18.943	18.943	-	18.235	18.235
1.7. Other Collaterals		118.118	-	118.118	116.882	-	116.882
<b>II. COMMITMENTS</b>	(1)	<b>4.908.685</b>	<b>691.634</b>	<b>5.600.319</b>	<b>3.744.209</b>	<b>561.809</b>	<b>4.306.018</b>
2.1. Irrevocable Commitments		4.864.185	691.634	5.555.819	3.690.709	561.809	4.252.518
2.1.1. Asset Purchase and Sale Commitments		275.077	691.634	966.711	19.940	561.809	581.749
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		613.961	-	613.961	618.854	-	618.854
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		1.709.877	-	1.709.877	1.109.464	-	1.109.464
2.1.7. Tax And Fund Liabilities from Export Commitments		37.946	-	37.946	30.942	-	30.942
2.1.8. Commitments for Credit Card Expenditure Limits		2.226.141	-	2.226.141	1.910.259	-	1.910.259
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		625	-	625	687	-	687
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		558	-	558	563	-	563
2.2. Revocable Commitments		44.500	-	44.500	53.500	-	53.500
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		44.500	-	44.500	53.500	-	53.500
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>1.164.460</b>	<b>1.744.420</b>	<b>2.908.880</b>	<b>1.595.419</b>	<b>2.961.817</b>	<b>4.557.236</b>
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		1.164.460	1.744.420	2.908.880	1.595.419	2.961.817	4.557.236
3.2.1. Forward Foreign Currency Buy/Sell Transactions		365.102	348.522	713.624	525.019	705.963	1.230.982
3.2.1.1. Forward Foreign Currency Transactions-Buy		204.082	154.327	358.409	307.298	310.779	618.077
3.2.1.2. Forward Foreign Currency Transactions-Sell		161.020	194.195	355.215	217.721	395.184	612.905
3.2.2. Other Forward Buy/Sell Transactions		799.358	1.395.898	2.195.256	1.070.400	2.255.854	3.326.254
3.3. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>242.551.993</b>	<b>80.656.090</b>	<b>323.208.083</b>	<b>195.850.209</b>	<b>76.219.165</b>	<b>272.069.374</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>9.911.794</b>	<b>28.581.830</b>	<b>38.493.624</b>	<b>8.003.258</b>	<b>25.965.959</b>	<b>33.969.217</b>
4.1. Assets Under Management		2.277.340	-	2.277.340	1.337.798	-	1.337.798
4.2. Investment Securities Held in Custody		22.640	7.219.328	7.241.968	19.853	274.662	294.515
4.3. Cheques Received for Collection		5.522.414	278.473	5.800.887	4.909.013	357.854	5.266.867
4.4. Commercial Notes Received for Collection		1.844.217	291.134	2.135.351	1.491.411	268.677	1.760.088
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		211.126	1.666.775	1.877.901	211.126	9.509.633	9.720.759
4.8. Custodians		33.954	19.126.120	19.160.074	33.954	15.555.133	15.589.087
<b>V. PLEDGED ITEMS</b>		<b>232.640.199</b>	<b>52.074.260</b>	<b>284.714.459</b>	<b>187.846.951</b>	<b>50.253.206</b>	<b>238.100.157</b>
5.1. Marketable Securities		19.376.862	11.015.151	30.392.013	19.153.683	10.676.095	29.829.778
5.2. Guarantee Notes		5.070.734	138.368	5.209.102	4.325.462	184.003	4.509.465
5.3. Commodity		33.813.463	4.372.237	38.185.700	26.851.614	4.243.573	31.095.187
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		154.771.938	32.578.099	187.350.037	122.373.633	31.168.237	153.541.870
5.6. Other Pledged Items		19.386.520	3.960.365	23.346.885	14.892.518	3.971.600	18.864.118
5.7. Pledged Items-Depository		220.682	10.040	230.722	250.041	9.698	259.739
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>260.600.125</b>	<b>93.268.654</b>	<b>353.868.779</b>	<b>212.620.468</b>	<b>89.435.170</b>	<b>302.055.638</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AS OF MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	CURRENT PERIOD January 1- March 31, 2023	PRIOR PERIOD January 1- March 31, 2022
<b>I.</b>	<b>PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>3.241.358</b>	<b>1.794.127</b>
1.1	Profit Share on Loans		2.379.400	1.346.675
1.2	Income Received from Reserve Deposits		1.046	40.451
1.3	Income Received from Banks		10	108
1.4	Income Received from Money Market Placements		3.961	-
1.5	Income Received from Marketable Securities Portfolio		810.432	391.363
1.5.1	Financial Assets at Fair Value Through Profit and Loss		280.997	167.389
1.5.2	Financial Assets at Fair Value through Other Comprehensive Income		79.492	85.297
1.5.3	Financial Assets Measured at Amortised Cost		449.943	138.677
1.6	Finance Lease Income		25.446	14.011
1.7	Other Profit Share Income		21.063	1.519
<b>II.</b>	<b>PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>1.809.461</b>	<b>983.503</b>
2.1	Expense on Profit Sharing Accounts		1.510.882	683.355
2.2	Profit Share Expense on Funds Borrowed		240.766	262.604
2.3	Profit Share Expense on Money Market Borrowings		13.028	5.571
2.4	Profit Share Expense on Securities Issued		-	-
2.5	Finance Lease Expense		21.048	14.466
2.6	Other Profit Share Expense		23.737	17.507
<b>III.</b>	<b>NET PROFIT SHARE INCOME (I – II)</b>		<b>1.431.897</b>	<b>810.624</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>212.699</b>	<b>158.525</b>
4.1	Fees and Commissions Received		405.189	215.488
4.1.1	Non-Cash Loans		71.070	59.269
4.1.2	Other	<b>(3)</b>	334.119	156.219
4.2	Fees and Commissions Paid (-)		192.490	56.963
4.2.1	Non-Cash Loans		103	72
4.2.2	Other	<b>(3)</b>	192.387	56.891
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(4)</b>	<b>80</b>	<b>48</b>
<b>VI.</b>	<b>TRADING INCOME/LOSS(net)</b>	<b>(5)</b>	<b>630.453</b>	<b>678.324</b>
6.1	Capital Market Transaction Income/(Loss)		217.148	427.519
6.2	Profit/(Loss) from Derivative Financial Instruments		(60)	33.946
6.3	Foreign Exchange Income/(Loss)		413.365	216.859
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(6)</b>	<b>757.261</b>	<b>363.799</b>
<b>VIII.</b>	<b>TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>		<b>3.032.390</b>	<b>2.011.320</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>(7)</b>	<b>1.239.894</b>	<b>1.114.252</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSES (-)</b>	<b>(7)</b>	<b>102.621</b>	<b>120.540</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>		<b>674.880</b>	<b>233.604</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(8)</b>	<b>435.848</b>	<b>221.591</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>		<b>579.147</b>	<b>321.333</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER</b>		-	-
<b>XV.</b>	<b>PROFIT/(LOSS) ON EQUITY METHOD</b>		-	-
<b>XVI.</b>	<b>PROFIT/(LOSS) ON NET MONETARY POSITION</b>		-	-
<b>XVII.</b>	<b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>	<b>(9)</b>	<b>579.147</b>	<b>321.333</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(10)</b>	<b>62.175</b>	<b>127.027</b>
18.1	Provision for Current Taxes		90.923	-
18.2	Deferred Tax Expense Effect (+)		383.056	248.170
18.3	Deferred Tax Income Effect (-)		411.804	121.143
<b>XIX.</b>	<b>NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)</b>	<b>(11)</b>	<b>516.972</b>	<b>194.306</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>	<b>(11)</b>	-	-
20.1	Income from Assets Held For Sale		-	-
20.2	Income from Sale Of Associates, Subsidiaries And Jointly Controlled Entities (Joint Vent.)		-	-
20.3	Income from Other Discontinued Operations		-	-
<b>XXI.</b>	<b>LOSS FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1	Loss from Assets Held for Sale		-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
21.3	Loss from Other Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)</b>		-	-
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		-	-
23.1	Provision for Current Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(12)</b>	<b>516.972</b>	<b>194.306</b>
	Earnings Per Share		0,20679	0,14393

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 MARCH 31, 2023**

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		CURRENT PERIOD January 1- March 31, 2023	PRIOR PERIOD January 1- March 31, 2022
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>516.972</b>	<b>194.306</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>40.080</b>	<b>55.489</b>
<b>2.1</b>	<b>Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>(20.990)</b>	<b>(2.945)</b>
2.1.1	Revaluation Surplus on Tangible Assets	(16.575)	-
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	(4.415)	(2.945)
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	-	-
<b>2.2</b>	<b>Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>61.070</b>	<b>58.434</b>
2.2.1	Foreign Currency Translation Differences	59.790	53.475
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	1.707	5.803
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	(427)	(844)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>557.052</b>	<b>249.795</b>

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**AS OF MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves <sup>(1)</sup>	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
CURRENT PERIOD (January 1 – March 31, 2023)															
I. Closing balance		2.500.000	23.278	-	1.585.124	1.034.726	(193.239)	-	518.506	191.121	-	1.832.302	(738.341)	1.365.496	8.118.973
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		2.500.000	23.278	-	1.585.124	1.034.726	(193.239)	-	518.506	191.121	-	1.832.302	(738.341)	1.365.496	8.118.973
IV. Total Comprehensive Income		-	-	-	-	(20.990)	-	-	59.790	1.280	-	-	-	516.972	557.052
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		-	-	-	1.703.940	-	-	-	-	-	-	(1.665.074)	(238.102) <sup>(1)</sup>	-	(199.236)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	1.352.765	12.731	(1.365.496)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	1.352.765	(1.352.765)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	1.365.496	(1.365.496)	-
Balances at end of the period (III+IV...+X+XI)		2.500.000	23.278	-	3.289.064	1.013.736	(193.239)	-	578.296	192.401	-	1.519.993	(963.712)	516.972	8.476.789

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

<sup>(\*\*)</sup> The Bank has paid TL 193.028 in February 2022, the coupon payment amount of undated additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 24.565 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. Currency Translation Differences,
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 MARCH 31, 2023**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY						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 – March 31, 2022)															
I. Closing balance		1.350.000	14.855	-	1.193.669	444.616	(56.592)	-	297.709	18.401	-	1.743.696	(483.904)	104.403	4.626.853
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		1.350.000	14.855	-	1.193.669	444.616	(56.592)	-	297.709	18.401	-	1.743.696	(483.904)	104.403	4.626.853
IV. Total Comprehensive Income		-	-	-	-	(2.945)	-	-	53.475	4.959	-	-	-	194.306	249.795
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		-	-	-	79.649	-	-	-	-	-	-	-	(144.667) <sup>(*)</sup>	-	(65.018)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	-	104.403	(104.403)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	104.403	(104.403)	-
Balances at end of the period (III+IV...+X+XI)		1.350.000	14.855	-	1.273.318	441.671	(56.592)	-	351.184	23.360	-	1.743.696	(524.168)	194.306	4.811.630

(\*) The Bank has recognized undated 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 139.436 in February 2021, the coupon payment amount of undated additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 17.094 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. Currency Translation Differences,
5. Accumulated gains/ (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Others (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss).

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

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**UNCONSOLIDATED FINANCIAL STATEMENT OF CASH FLOWS**  
**AS OF MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	CURRENT PERIOD January 1- March 31, 2023	PRIOR PERIOD January 1- March 31, 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>346.119</b>	<b>406.775</b>
1.1.1 Profit Share Income Received		3.124.176	1.579.474
1.1.2 Profit Share Expense Paid		(1.614.960)	(687.103)
1.1.3 Dividend Received		80	-
1.1.4 Fees and Commissions Received		331.668	154.957
1.1.5 Other Income		332.370	254.760
1.1.6 Collections from Previously Written Off Loans		77.251	140.730
1.1.7 Payments to Personnel and Service Suppliers		(853.869)	(306.370)
1.1.8 Taxes Paid		(55.761)	(32.690)
1.1.9 Others		(994.836)	(696.983)
<b>1.2 Changes In Operating Assets And Liabilities</b>		<b>(2.936.130)</b>	<b>1.231.382</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(1.942.300)	(876.883)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		3.077.683	(560.424)
1.2.3 Net (Increase) Decrease in Loans		(6.185.978)	(3.249.481)
1.2.4 Net (Increase) Decrease in Other Assets		753.255	(48.590)
1.2.5 Net Increase (Decrease) in Bank Deposits		278.770	(757.996)
1.2.6 Net Increase (Decrease) in Other Deposits		373.981	5.718.158
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		708.459	1.006.598
<b>I. Net Cash Flow From Banking Operations</b>		<b>(2.590.011)</b>	<b>1.638.157</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>(250.761)</b>	<b>(473.397)</b>
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		-	(45.910)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	-
2.3 Purchases of Property and Equipment		(102.666)	(33.008)
2.4 Disposals of Property and Equipment		55.086	104.243
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.990.604)	-
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.409.392	336.499
2.7 Purchase of Financial Assets Measured at Amortised Cost		(802.668)	(2.624.653)
2.8 Sale of Financial Assets Measured at Amortised Cost		180.699	1.789.432
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Flow From Financing Activities</b>		<b>2.581.635</b>	<b>(878.882)</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		19.351.581	9.106.961
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(16.544.749)	(9.819.608)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Leases Paid		(32.169)	(26.799)
3.6 Other		(193.028)	(139.436)
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>		<b>173.809</b>	<b>411.718</b>
<b>V. Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>(85.328)</b>	<b>697.596</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>		<b>13.519.909</b>	<b>13.906.557</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>		<b>13.434.581</b>	<b>14.604.153</b>

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 MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

**SECTION THREE**

**Accounting Policies**

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

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

The Bank prepares its financial statements in accordance with the Banking Regulation and Supervision Authority ("BRSA") Accounting and Reporting Regulation which includes the regulation on "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not regulated by the aforementioned legislations.

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.

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements at the relevant date within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of the financial statements, no new announcement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies in the financial statements dated March 31, 2023.

**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 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, 2022 financial statements.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

**I. Explanations on basis of presentation (continued):**

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

The tension between Russia and Ukraine since the beginning of 2022 has turned into a crisis and continues as of the date of the report. The Parent Bank does not operate in either country, and the crisis is not expected to have a direct impact on the Bank's operations. The developments are followed and their estimated effects are evaluated within the scope of the relevant accounting standards and reflected in the financial statements.

The effects of the earthquake disaster that occurred in Kahramanmaraş and surrounding provinces in February were reviewed and it was evaluated that there was no effect on the financial statements that would affect the going concern.

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

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

**e. Comparative information and classifications:**

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

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

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

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

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

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

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

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

There are no foreign currency differences capitalized by the Bank.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

**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. Derivative transactions are initially recorded at their fair values. In the periods following the recognizing of derivative transactions, depending on whether the fair value is positive or negative, the portion which is reflected to Income Statement for derivative assets and derivative liabilities are represented in Balance Sheet. Differences in fair values as a result of the valuation are recognized in trading income/loss line in the Income Statement as profit (loss) from derivative financial instruments and foreign exchange income (loss)

**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".

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

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

**VI. Explanations on financial assets:**

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

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

**Assessment of business model:**

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

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

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

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

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

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

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

**c) Other Business Models:**

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

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

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

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

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

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

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

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

Sukuk (lease certificates) which are represented under Financial Assets Measured at Fair Value through Profit/Loss are evaluated with the weighted average clearing prices in Istanbul Stock Exchange and which are not quoted in Istanbul Stock Exchange evaluated with their prices determined in Central Bank of Türkiye

As per the correspondence by BRSA numbered E-43890421-101.02.02-7182, the accounting of outright repurchase and sales of investment funds under Financial Assets Measured at Fair Value through Profit/Loss are approved Bank's Advisory Committee in accordance with its decisions on condition that there is no agreement and/or condition with the customer regarding repurchase/resale and there is not even a custom that there is an obligation to repurchase/resale. Profits or losses arising from buying and selling are accounted in Capital Market Transaction Income/(Loss) under Trading income/ loss.

**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. The valuation differences of the mentioned securities are accounted under the "Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss" in shareholders' equity.

**Financial assets measured at amortized cost:**

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

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

**Loans:**

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

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

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

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

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**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 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.

As stated in the note of significant estimates and assumptions in preparing financial statements, The Bank has reflected the estimations and judgments used in the calculation of credit losses as of March 31, 2023, using the best estimation method with the maximum effort principle.

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

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

Under this context, the approach used through 2023 has been maintained and will be reviewed in the coming reporting periods by considering the changes in 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.

**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.



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

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

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

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

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

The 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.

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

The collective assessment of financial instruments is performed by building on homogeneous group assets arising from portfolio segmentation based on similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods associated with the expected loss calculation approach for each stage on a common basis.

Loans whose cash flows differ or have different characteristics from other loans can be evaluated individually instead of collectively. Expected credit loss can be defined as the difference between all contractual cash flows due as per the whole contract and cash flows expected to be collected that have been discounted with the original effective profit ratio. When measuring expected credit losses, the Bank shall consider the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. The Bank makes such assessment by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

The following situations are taken into account when estimating cash flows.

- The conditions of the contract during the expected life of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

**Behavioral Maturity Calculation Methodology**

Expected loss provision is calculated until end of the maturity for stage one loans whose remaining maturity is less than one year and calculated yearly for stage one loans whose remaining maturity is more than one year. For second group loans, it is calculated lifelong (until the end of maturity). In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, for products without real maturity information, behavioral maturity is calculated by analyzing historical data. Expected loss provision calculations are made over these maturities, depending on the type of loan.

**Write-Off Policy**

Within the framework of the provisions of the " Regulation Amending the Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be set aside for them" published in the Official Gazette dated July 6 ,2021 and numbered 31533, the portion of the loans that are classified under "Fifth Group-Loans with a Loss Qualification" and for which a lifetime expected loan loss provision or special provision is made due to the default of the borrower, for which there are no reasonable expectations for the recovery of the loans, as of the first reporting period following their classification in this Group, are written off from the records in an appropriate time determined by the bank, taking into account the situation of the debtor within the scope of TFRS 9. Writing -off loans from the records is an accounting practice and does not result in waiving the right to the receivable.

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

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

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

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

Goodwill and other intangible assets are recorded at cost in accordance with TAS 38 "Turkish Accounting Standards for Intangible Assets". As of the balance sheet date, there is no goodwill in the financial statements of the Bank. The Bank's intangible assets consist of softwares, capitalized information technology services 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, 2022, the Bank has revalued its immovables and reflected the results of appraisal reports prepared by an independent real estate appraiser firms using comparison of similar items method to the financial statements. The revaluation fund mentioned cannot be distributed as dividend to shareholders. Current period depreciation charge relating to the revaluation has been transferred to retained earnings from revaluation fund reserve.

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

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

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

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

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

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

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

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

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

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

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**XIII. Explanations on leasing transactions:**

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

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

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

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

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

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,
- 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 expected loss provisions for 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 Türkiye, 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 March 31, 2023, there is an actuarial loss amounts to TL 257.652 before deferred tax calculation (December 31, 2022: TL 257.652 actuarial loss).

Provision for the employees' unused vacations have 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 Türkiye.

In the financial statements as of March 31, 2023, the corporate tax rate is applied 25%. The corporate tax rate has been permanently increased to 25% for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in accordance with the publication of the Law No. 7394 in the Official Gazette dated April 15, 2022.

Dividends paid to the resident institutions are not subject to withholding tax in Türkiye. Withholding tax rate on the dividend payments other than these is 10%. Appropriation of the retained earnings to capital is not considered as profit distribution and accordingly is not subject to withholding tax.

Corporations calculate advance tax with their current rate on quarterly profits and pay until the evening of the same day by declaring until the 17th day of the second month following that 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.

75% portion of the capital gains derived from the sale of equity investments and 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 Türkiye, there is no procedure for a final and definite agreement on tax assessments. Companies file their tax returns until the last day of the following fourth month after the closing of the accounting year 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.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated January 29, 2022 numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, and it is enacted that financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (including advance tax periods) and 2023 advance tax periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) , regardless of whether the conditions for the inflation adjustment within the scope of repeated Article 298 are met, and December 31, 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit or loss calculations arising from the inflation adjustment will be represented in the previous years' profit/loss account.

Within the scope of the temporary article 32 of the Tax Procedure Law Numbered 213, depreciable assets were revalued and additional tax amount of 2% is levied over the revaluation difference. Assets that are included in the scope pursuant to duplicate article 298-ç are valued with the revaluation rate announced in the relevant year and no tax is levied over this revaluation increase.

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

**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. With the publication of the Law No. 7394 in the Official Gazette dated 15 April 2022, the corporate tax rate has been increased to 25% permanently, and as of 31 March 2023 and 31 December 2022, the deferred tax has been calculated over 25% for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies

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 asset had not been provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004. Deferred tax rate calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles from 1 January 2018. Deferred tax calculation is not made for free provisions.

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.

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**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., Albaraka Sukuk Ltd. and Albaraka CT One Ltd.

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

**Additional tier 1 capital borrowings:**

Undated 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 are no other matters.



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**SECTION FOUR**

**Information on Financial Structure and Risk Management**

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

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of March 31, 2023, the Bank’s total capital has been calculated as TL 12.688.587 and capital adequacy standard ratio is 14,54%. As of December 31, 2022, Bank’s total capital amounted to TL 10.373.589 and capital adequacy ratio was 14,88%. The Bank’s capital adequacy standard ratio is above the minimum ratio required by the legislation.

**a. Information on capital:**

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	2.500.000	2.500.000
Share issue premiums	23.278	23.278
Reserves	556.281	1.093.961
Gains recognized in equity as per TAS	4.360.250	2.551.647
Profit	516.972	1.365.496
Current Period Profit	516.972	1.365.496
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>7.956.781</b>	<b>7.534.382</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>-</b>	<b>-</b>
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	193.239	193.239
Improvement costs for operating leasing	15.339	17.978
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	196.383	155.985
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	-	-
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	266.712	113.611
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>671.673</b>	<b>480.813</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>7.285.108</b>	<b>7.053.569</b>

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

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

	Current Period	Prior Period
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	775.720	775.720
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>775.720</b>	<b>775.720</b>
<b>Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	<b>-</b>	<b>-</b>
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>775.720</b>	<b>775.720</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>8.060.828</b>	<b>7.829.289</b>
<b>TIER II CAPITAL</b>	<b>-</b>	<b>-</b>
Debt instruments and share issue premiums deemed suitable by the BRSA	3.830.400	1.862.000
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	804.155	688.023
<b>Tier II Capital Before Deductions</b>	<b>4.634.555</b>	<b>2.550.023</b>
<b>Deductions From Tier II Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>4.634.555</b>	<b>2.550.023</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>12.695.383</b>	<b>10.379.312</b>
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>-</b>	<b>-</b>
Deductions from Capital Loans granted contrary to the 50 <sup>th</sup> and 51 <sup>th</sup> Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	6.796	5.723

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

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

	Current Period	Prior Period
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
<b>Total Capital (Total Core Capital and Supplementary Capital)</b>	<b>12.688.587</b>	<b>10.373.589</b>
<b>Total risk weighted amounts</b>	<b>87.273.814</b>	<b>69.719.750</b>
<b>Capital Adequacy Ratios</b>	-	-
Core Capital Adequacy Ratio (%)	8,35	10,12
Tier 1 Capital Adequacy Ratio (%)	9,24	11,23
Capital Adequacy Ratio (%)	14,54	14,88
<b>BUFFERS</b>	-	-
The total additional capital requirement ratio (a + b + c)	2,50	2,50
Capital conservation buffer requirement (%)	2,50	2,50
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 (%)	3,85	5,62
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	755.182	716.718
<b>Limits related to provisions considered in Tier II calculation</b>	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	804.155	688.023
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	804.155	688.023
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

(<sup>1</sup>) 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 calculating credit risk as per Regulation on Measurement and Evaluation of Capital Adequacy of Banks, it is possible that Central Bank buying exchange rates of December 31, 2022 can be used in calculating the revalued amounts of monetary and non monetary items and their specific provisions. The items which are carried at cost is out of scope. As of March 31, 2023, the Bank has utilized this facility in calculating capital adequacy ratio.

**b. Details on subordinated liabilities:**

Issuer	Albaraka Sukuk Ltd.	Albaraka CT One Ltd.	Bereket One Ltd.
Unique Identifier (CUSIP, ISIN etc.)	XS1301525207	XS2594992914	XS17 72390628
Governing Law(s) of the Instrument	English Law	English Law	English Law
<b>Special Consideration in the Calculation of Equity</b>			
As of January 1, 2015, consideration to be subject to a 10% reduction application status	No	No	No
Eligible at Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated	Unconsolidated/Consolidated
Instrument Type	Sukuk Wakala	Sukuk Wakala	Sukuk Mudaraba
Amount recognized in regulatory capital (as of most recent reporting date)	TL 1.915.200	TL 1.915.200	TL 775.720 <sup>(*)</sup>
Par Value of Instrument	TL 4.788.000	TL 1.915.200	TL 775.720
Accounting Classification	Subordinated Loan	Subordinated Loan	Equity
Original date of Issuance	November 30, 2015	February 28, 2023	February 20, 2018
Perpetual or dated	Dated	Dated	Undated
Maturity date	November 30, 2025	February 28, 2033	Undated
Issuer call subject to prior supervisory (BRSA) approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Last Payment Date: November 30, 2025 Total Repayment Amount of Profit Share: USD 131.250.000 (first 5 years), USD 117.137.500 (second 5 years) Repayment Period: 6 months Principal Payment: USD 250.000.000	Last Payment Date: February 28, 2023 Total Repayment Amount of Profit Share: USD 50.000.000 (first 5 years), USD 50.000.000 (second 5 years) Repayment Period: 6 months Principal Payment: USD 100.000.000	Last Payment Date: None First refund option date: February 20, 2023 Total Repayment Amount of Profit Share: USD 102.500.000 (First 5 year) USD 117.075.500 (Second 5 year) Repayment Period: 6 months Principal Payment: USD 205.000.000
Subsequent call dates	-	-	-
<b>Profit Share/Dividends</b>			
Fixed or floating profit share/dividend	Fixed	Fixed	Fixed
Profit share rate and any related index	9,371 % (first 5 years:10,50%)	10 %	10 %
Existence of a dividend stopper	As per BRSA regulations and Communiqués it is payable	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	Mandatory	Optional
Existence of step up or other incentive to redeem	-	-	-
Noncumulative or cumulative	Cumulative	Cumulative	Noncumulative
<b>Convertible or Non-convertible</b>			
If convertible, conversion trigger	Not Convertible	Not Convertible	Not Convertible
If convertible, fully or partially	Not Convertible	Not Convertible	Not Convertible
If convertible, conversion rate	Not Convertible	Not Convertible	Not Convertible
If convertible, mandatory or optional conversion	Not Convertible	Not Convertible	Not Convertible
If convertible, specify instrument type convertible into	-	-	-
If convertible, specify issuer of instrument it converts into	-	-	-
<b>Write-down feature</b>			
If write-down, write-down trigger(s)	Non-sustainability	Non-sustainability	Non-sustainability-The ratio of Core Capital to below 5,125%
If write-down, full or partial	Full or Partial	Full or Partial	At least to ensure that the core capital ratio exceeds 5,125%
If write down, permanent or temporary	Permanent	Permanent	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 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	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	No	No	No

<sup>(\*)</sup> Represented as historical cost

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

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

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

**II. Explanations on credit risk:**

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

**III. Explanations on currency risk:**

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

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

	USD	EUR
As of March 31, 2023 - Balance sheet evaluation rate	19,152	20,816
As of March 30, 2023	19,129	20,871
As of March 29, 2023	19,099	20,684
As of March 28, 2023	19,067	20,653
As of March 27, 2023	19,050	20,533
As of March 24, 2023	19,032	20,457

- 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 18,946 for 1 USD (December 2022: TL 18,575), TL 20,271 for 1 EUR (December 2022: TL 19,674). 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 <sup>(*)</sup>	Total
<b>Assets</b>				
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Türkiye	3.962.477	12.253.210	2.918.207	19.133.894
Banks	778.669	2.076.543	2.273.724	5.128.936
Financial assets at fair value through profit and loss <sup>(**)</sup>	1.230.490	1.476.637	6.340.586	9.047.713
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1.725	1.075.405	9.638	1.086.768
Loans and financial lease receivables <sup>(***)</sup>	5.957.934	20.770.527	-	26.728.461
Subsidiaries, associates and joint ventures	64.221	-	-	64.221
Financial Assets Measured at Amortised Cost	1.987.383	11.562.323	255.822	13.805.528
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	25.455	25.455
Intangible assets	-	-	-	-
Other assets <sup>(****)</sup>	53.112	106.215	104.589	263.916
<b>Total assets</b>	<b>14.036.011</b>	<b>49.320.860</b>	<b>11.928.021</b>	<b>75.284.892</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	336.670	976.649	58.392	1.371.711
Other current and profit sharing accounts	11.411.602	31.197.656	10.174.036	52.783.294
Money market borrowings	58.657	265.334	-	323.991
Funds provided from other financial institutions and subordinated loans	698.446	14.109.903	-	14.808.349
Marketable securities issued	-	-	-	-
Miscellaneous payables	760.259	2.865.489	749.025	4.374.773
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	2.197	50.581	32.581	85.359
<b>Total liabilities</b>	<b>13.267.831</b>	<b>49.465.612</b>	<b>11.014.034</b>	<b>73.747.477</b>
<b>Net balance sheet position</b>	<b>768.180</b>	<b>(144.752)</b>	<b>913.987</b>	<b>1.537.415</b>
<b>Net off balance sheet position</b>	<b>(553.871)</b>	<b>65.803</b>	<b>(254.890)</b>	<b>(742.958)</b>
Derivative financial instruments assets <sup>(*****)</sup>	20.816	770.969	54.763	846.548
Derivative financial instruments liabilities <sup>(*****)</sup>	574.687	705.166	309.653	1.589.506
Non-cash loans <sup>(*****)</sup>	2.718.193	7.247.397	210.920	10.176.510
<b>Prior Period</b>				
Total assets	17.521.293	51.089.827	11.866.166	80.477.286
Total liabilities	16.308.170	51.537.155	11.088.973	78.934.298
<b>Net balance sheet position</b>	<b>1.213.123</b>	<b>(447.328)</b>	<b>777.193</b>	<b>1.542.988</b>
<b>Net off balance sheet position</b>	<b>(1.204.011)</b>	<b>931.364</b>	<b>37.065</b>	<b>(235.582)</b>
Derivative financial instruments assets	59.703	1.430.583	153.736	1.644.022
Derivative financial instruments liabilities	1.263.714	499.219	116.671	1.879.604
Non-cash loans <sup>(*****)</sup>	2.892.867	6.729.280	70.232	9.692.379

(\*) TL 2.745.645 (December 31, 2022: TL 3.002.738) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Türkiye in other FC column represent precious metals, TL 993.475 (December 31, 2022: TL 1.321.927) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 9.179.808 (December 31, 2022: TL 8.902.072 ) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts. TL 6.340.586 (December 31, 2022: TL 5.851.412) of the balance in other FC column in financial assets at fair value through profit and loss represents gold-indexed lease certificates ( sukuk )

(\*\*) Derivative financial instruments are included.

(\*\*\*) The balance includes foreign currency indexed loans and financial lease receivables of TL 362.306 (December 31, 2022: TL 452.057).

(\*\*\*\*) Foreign currency indexed receivables from commission and fees of non-cash loans amounting to TL 5.547 (December 31, 2022: TL 4.892) is included in other assets.

(\*\*\*\*\* In the current period, derivative financial instruments assets include foreign currency purchase commitment in the amount of TL 395.673 (December 31, 2022: TL 271.449) and derivative financial instruments liabilities include foreign currency sale commitment in the amount of TL 295.361 (December 31, 2022: TL 290.360).

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

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

**Other issues related to currency risk:**

Since the bank has issued undated 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.

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

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

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

The equity securities under banking book calculated as per credit risk standard method amount to TL 121.157. 100% risk weight is applied to related whole amount (December 31, 2022: TL 205.691).

**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.

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

**Liquidity Coverage Ratio:**

		Rate of "Percentage to be taken into account" not Implemented Total Value <sup>(*)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(*)</sup>	
		TL+FC	FC	TL+FC	FC
	<b>Current Period</b>				
	<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1	HIGH QUALITY LIQUID ASSETS			46.599.505	38.079.581
	<b>CASH OUTFLOWS</b>				
2	Retail and Small Business Funds Collected	58.452.602	39.004.046	5.479.896	3.900.405
3	Stable Funds Collected	7.307.278	-	365.364	-
4	Less stable Funds Collected	51.145.324	39.004.046	5.114.532	3.900.405
5	Unsecured Funding other than Retail and Small Business Customers Deposits	33.646.873	21.985.267	17.490.880	11.216.146
6	Operational Funds Collected	18.562.723	13.243.237	4.640.681	3.310.809
7	Non-Operational Funds Collected	4.667.624	1.042.371	2.652.637	522.668
8	Other Unsecured Funding	10.416.526	7.699.659	10.197.562	7.382.669
9	Secured funding			-	-
10	Other Cash Outflows	2.284.218	1.454.056	2.284.218	1.454.056
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.284.218	1.454.056	2.284.218	1.454.056
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	24.155.675	9.477.008	2.431.985	1.334.478
16	<b>TOTAL CASH OUTFLOWS</b>			<b>27.686.979</b>	<b>17.905.085</b>
	<b>CASH INFLOWS</b>				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	15.665.698	6.734.455	11.321.209	5.379.105
19	Other contractual cash inflows	2.325.066	1.764.534	2.325.066	1.764.534
20	<b>TOTAL CASH INFLOWS</b>	<b>17.990.764</b>	<b>8.498.989</b>	<b>13.646.275</b>	<b>7.143.639</b>
				<b>Upper limit applied amounts</b>	
21	<b>TOTAL HQLA</b>			<b>46.599.505</b>	<b>38.079.581</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>14.040.704</b>	<b>10.761.446</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>331,89</b>	<b>353,85</b>

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

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

Liquidity Coverage Ratio (%)	Current Period	
	TL+FC	FC
Lowest Date	234,98 February 28, 2023	223,01 February 28, 2023
Highest Date	435,78 January 3, 2023	531,82 January 3, 2023
Average	331,89	353,85



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

**Liquidity Coverage Ratio (continued):**

		Rate of "Percentage to be taken into account" not Implemented Total Value <sup>(*)</sup>		Rate of "Percentage to be taken into account" Implemented Total Value <sup>(*)</sup>	
		TL+FC	FC	TL+FC	FC
	<b>Prior period</b>				
	<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1	HIGH QUALITY LIQUID ASSETS			49.600.352	41.466.881
	<b>CASH OUTFLOWS</b>				
2	Retail and Small Business Funds Collected	63.812.140	48.007.851	6.109.621	4.800.785
3	Stable Funds Collected	5.431.871	-	271.594	-
4	Less stable Funds Collected	58.380.269	48.007.851	5.838.027	4.800.785
5	Unsecured Funding other than Retail and Small Business Customers Deposits	32.131.818	20.176.829	14.091.320	7.674.482
6	Operational Funds Collected	20.414.118	15.267.247	5.103.530	3.816.812
7	Non-Operational Funds Collected	5.997.804	1.907.392	3.490.728	924.389
8	Other Unsecured Funding	5.719.896	3.002.190	5.497.062	2.933.281
9	Secured funding			-	-
10	Other Cash Outflows	4.451.835	3.795.123	4.451.835	3.795.123
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	4.451.835	3.795.123	4.451.835	3.795.123
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	23.230.428	10.056.196	2.511.764	1.468.949
16	<b>TOTAL CASH OUTFLOWS</b>			<b>27.164.540</b>	<b>17.739.339</b>
	<b>CASH INFLOWS</b>				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	17.618.132	9.567.159	14.018.108	8.569.508
19	Other contractual cash inflows	4.453.160	2.950.007	4.453.160	2.950.007
20	<b>TOTAL CASH INFLOWS</b>	<b>22.071.292</b>	<b>12.517.166</b>	<b>18.471.268</b>	<b>11.519.515</b>
				<b>Upper limit applied amounts</b>	
21	<b>TOTAL HQLA</b>			<b>49.600.352</b>	<b>41.466.881</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>8.693.272</b>	<b>6.219.824</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>570,56</b>	<b>666,69</b>

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

As per "Regulation on Liquidity Coverage Ratio Calculation" published in the Official Gazette numbered 28948, dated March 21, 2014, the dates on which the minimum and maximum liquidity coverage ratios have been calculated for the last three months for 2022 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	227,32	419,56
Date	October 15, 2022	December 31, 2022
Highest	762,14	918,58
Date	December 9, 2022	October 3, 2022
Average	570,56	666,69

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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 2,73% cash, 45,07% deposits in central banks and 52,20% 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 86,65% funds collected, 13,35% 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 <sup>(*)</sup>	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated <sup>(****)(*****)</sup>	Total
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Türkiye	8.428.159	13.018.207	-	-	-	-	-	21.446.366
Banks	4.770.083	2.692.004	293.444	-	-	-	-	7.755.531
Financial Assets at Fair Value Through Profit and Loss <sup>(**)</sup>	2.185.900	271.225	120.526	6.899.917	6.211.468	315.003	-	16.004.039
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	32.245	1.226.216	10.028	130.245	494.150	100	-	1.892.984
Loans <sup>(***)</sup>	324.762	8.358.825	16.138.071	34.333.225	17.980.122	2.242.903	150.165	79.528.073
Financial Assets Measured at Amortised Cost	-	2.281.498	106.979	1.746.531	12.937.527	3.383.446	-	20.455.981
Other Assets	-	21.943	3.254	12.855	228.684	383.071	4.754.733	5.404.540
<b>Total Assets</b>	<b>15.741.149</b>	<b>27.869.918</b>	<b>16.672.302</b>	<b>43.122.773</b>	<b>37.851.951</b>	<b>6.324.523</b>	<b>4.904.898</b>	<b>152.487.514</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	1.364.131	-	38	29.262	-	-	-	1.393.431
Other current and profit sharing accounts	48.937.257	29.938.941	18.585.153	13.875.075	1.367.093	-	-	112.703.519
Funds provided from other financial institutions and subordinated loans	-	4.101.911	4.204.749	567.991	8.153.890	-	-	17.028.541
Money Market Borrowings	-	548.122	-	-	-	-	-	548.122
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	982.294	255.213	109.876	90	-	7.158.532	8.506.005
Other liabilities	775.720	715	136	3.711	156.326	335.446	11.035.842	12.307.896
<b>Total Liabilities</b>	<b>51.077.108</b>	<b>35.571.983</b>	<b>23.045.289</b>	<b>14.585.915</b>	<b>9.677.399</b>	<b>335.446</b>	<b>18.194.374</b>	<b>152.487.514</b>
<b>Net Liquidity Gap</b>	<b>(35.335.959)</b>	<b>(7.702.065)</b>	<b>(6.372.987)</b>	<b>28.536.858</b>	<b>28.174.552</b>	<b>5.989.077</b>	<b>(13.289.476)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	171	106.837	300	-	-	-	107.308
Financial Derivative Liabilities	-	1.148.272	353.706	6.116	-	-	-	1.508.094
Financial Derivative Liabilities	-	1.148.101	246.869	5.816	-	-	-	1.400.786
<b>Non-cash Loans</b>	<b>13.279.550</b>	<b>442.916</b>	<b>1.307.549</b>	<b>5.081.882</b>	<b>2.020.479</b>	<b>19.121</b>	<b>-</b>	<b>22.151.497</b>
<b>Prior period</b>								
Total Assets	15.392.566	30.611.339	16.896.858	31.510.323	41.303.309	6.542.751	4.082.960	146.340.106
Total Liabilities	52.986.324	41.937.836	23.001.813	8.066.389	5.796.055	289.836	14.261.853	146.340.106
<b>Net Liquidity Gap</b>	<b>(37.593.758)</b>	<b>(11.326.497)</b>	<b>(6.104.955)</b>	<b>23.443.934</b>	<b>35.507.254</b>	<b>6.252.915</b>	<b>(10.178.893)</b>	<b>-</b>
<b>Net Off-balance sheet Position</b>								
Financial Derivative Assets	-	(4.582)	2.217	3.015	-	-	-	650
Financial Derivative Assets	-	1.854.901	171.071	252.971	-	-	-	2.278.943
Financial Derivative Liabilities	-	1.859.483	168.854	249.956	-	-	-	2.278.293
<b>Non-cash Loans</b>	<b>12.960.558</b>	<b>311.074</b>	<b>1.239.464</b>	<b>4.434.515</b>	<b>2.149.613</b>	<b>27.786</b>	<b>-</b>	<b>21.123.010</b>

<sup>(\*)</sup> Loans include accruals, other liabilities include undated additional Tier 1 Capital accounted under Shareholders' Equity.

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

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

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

<sup>(\*\*\*\*\*)</sup> 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 March 31, 2023, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 4,28% (December 31, 2022: 4,29%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is that increase in average capital amount is lower than increase in average total risk amount.

	Current Period <sup>(*)</sup>	Prior Period <sup>(*)</sup>
<b>Balance sheet assets</b>		
1 Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	151.295.246	146.965.201
2 (Assets deducted from Core capital)	(390.554)	(220.476)
3 Total risk amount of balance sheet assets (sum of lines 1 and 2)	150.904.692	146.744.725
<b>Derivative financial assets and credit derivatives</b>		
4 Cost of replenishment for derivative financial assets and credit derivatives	17.603	23.520
5 Potential credit risk amount of derivative financial assets and credit derivatives	17.729	34.310
6 Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	35.332	57.830
<b>Financing transactions secured by marketable security or commodity</b>		
7 Risk amount of financing transactions secured by marketable security or commodity (excluding Balance sheet)	7.140.847	5.491.016
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)	7.140.847	5.491.016
<b>Off-balance sheet transactions</b>		
10 Gross notional amount of off-balance sheet transactions	27.578.405	25.587.177
11 (Correction amount due to multiplication with credit conversion rates)	(40.050)	(37.350)
12 Total risk of off-balance sheet transactions (sum of lines 10 and 11)	27.538.355	25.549.827
<b>Capital and total risk</b>		
13 Core Capital	7.936.926	7.636.053
14 Total risk amount (sum of lines 3, 6, 9 and 12)	185.619.226	177.843.398
<b>Leverage ratio</b>		
15 Leverage ratio (%)	4,28	4,29

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

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

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

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

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

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**IX. Explanations on risk management:**

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

**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)	64.295.055	54.964.417	5.143.604
2	Standardised approach (SA)	64.295.055	54.964.417	5.143.604
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	37.366	77.419	2.989
5	Standardised approach for counterparty credit risk (SA-CCR)	37.366	77.419	2.989
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	14.478.864	10.918.458	1.158.309
17	Standardised approach (SA)	14.478.864	10.918.458	1.158.309
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	8.462.529	3.759.456	677.002
20	Basic Indicator Approach	8.462.529	3.759.456	677.002
21	Standard Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>87.273.814</b>	<b>69.719.750</b>	<b>6.981.904</b>

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**X. Explanations on business segments:**

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

<b>Current Period</b>	<b>Retail</b>	<b>Commercial and Corporate</b>	<b>Treasury</b>	<b>Undistributed</b>	<b>Total</b>
Operating Income (Net)	(483.758)	2.195.597	1.628.883	117.647	3.458.369
Operating Expenses <sup>(*)</sup>	(870.792)	(1.481.068)	(452.392)	(74.970)	(2.879.222)
Operating Income/Expenses	(1.354.550)	714.529	1.176.491	42.677	579.147
Profit/(Loss) Before Tax	(1.354.550)	714.529	1.176.491	42.677	579.147
Tax Income (Expense)	-	-	-	(62.175)	(62.175)
<b>Current Year Profit/(Loss)</b>	<b>(1.354.550)</b>	<b>714.529</b>	<b>1.176.491</b>	<b>(19.498)</b>	<b>516.972</b>
<b>Total Assets</b>	<b>6.631.271</b>	<b>77.785.912</b>	<b>65.479.196</b>	<b>2.591.135</b>	<b>152.487.514</b>
<b>Total Liabilities</b>	<b>84.187.697</b>	<b>37.954.832</b>	<b>18.219.364</b>	<b>12.125.621</b>	<b>152.487.514</b>

<b>Prior Period</b>	<b>Retail</b>	<b>Commercial and Corporate</b>	<b>Treasury</b>	<b>Undistributed</b>	<b>Total</b>
Operating Income (Net)	(161.247)	841.947	1.078.082	484.207	2.242.989
Operating Expenses <sup>(*)</sup>	(337.506)	(916.110)	(249.379)	(418.661)	(1.921.656)
Operating Income/Expenses	(498.753)	(74.163)	828.703	65.546	321.333
Profit/(Loss) Before Tax	(498.753)	(74.163)	828.703	65.546	321.333
Tax Income (Expense)	-	-	-	(127.027)	(127.027)
<b>Current Year Profit/(Loss)</b>	<b>(498.753)</b>	<b>(74.163)</b>	<b>828.703</b>	<b>(61.481)</b>	<b>194.306</b>
<b>Total Assets</b>	<b>5.532.646</b>	<b>71.019.804</b>	<b>66.187.381</b>	<b>3.600.275</b>	<b>146.340.106</b>
<b>Total Liabilities</b>	<b>81.411.164</b>	<b>38.322.867</b>	<b>17.612.150</b>	<b>8.993.925</b>	<b>146.340.106</b>

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

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**SECTION FIVE**

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	199.333	1.089.630	242.111	1.688.995
CBRT	1.706.513	17.335.160	1.634.851	20.015.114
Other <sup>(*)</sup>	406.919	709.104	449.829	834.176
<b>Total</b>	<b>2.312.765</b>	<b>19.133.894</b>	<b>2.326.791</b>	<b>22.538.285</b>

<sup>(\*)</sup> Includes precious metals amounting to TL 188.452 (December 31, 2022: TL 64.374) and cash in transit amounting to TL 927.571 (December 31, 2022: TL 1.219.631) as of March 31, 2023.

**b. Information related to CBRT:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	1.706.513	4.316.660	1.634.851	3.782.156
Unrestricted time deposit	-	-	-	-
Restricted time deposit <sup>(*)</sup>	-	13.018.500	-	16.232.958
<b>Total</b>	<b>1.706.513</b>	<b>17.335.160</b>	<b>1.634.851</b>	<b>20.015.114</b>

<sup>(\*)</sup> As of March 31, 2023, the reserve requirement held in standard gold is TL 2.557.193 (December 31, 2022: TL 2.938.364)

In accordance with the "Communiqué Regarding the Reserve Requirements numbered 2005/1", banks operating in Türkiye 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 of March 31, 2023, the Bank's applicable rates for Turkish lira required reserves are between 3% and 8%, depending on the maturity structure for participation funds and other liabilities and the applicable rates for FX required reserves are between 5% and 26%, depending on the maturity structure of participation funds and other liabilities.

In accordance with the instruction dated 2 September 2022, the commission practice according to the share of Turkish Lira deposits/ funds collected in total deposits/funds collected has been changed to be applied as of December 23, 2022. As per this amendment, banks with a share of Turkish Lira deposits/funds collected below 50% will pay 8% commission and banks with a share between 50% and 60% will pay 3% commission, separately for real and legal persons. The commissions to be paid will be calculated over the amount of reserve requirements for foreign currency deposits/funds collected liabilities.

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic <sup>(*)</sup>	2.713.962	1.103.673	2.480.687	1.550.031
Abroad	-	4.069.243	-	3.309.134
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>2.713.962</b>	<b>5.172.916</b>	<b>2.480.687</b>	<b>4.859.165</b>

<sup>(\*)</sup>Includes blockaged amount TL 2.692.004 (December 31, 2022: TL 2.387.687) booked under TL accounts arising from POS transactions.

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

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

**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 March 31, 2023, the nominal investment amount subject to repurchase agreements is TL 316.825 (December 31, 2022: TL 2.485.290).

As of March 31, 2023, the collateralized /blocked nominal investment amount is TL 167.291 (December 31, 2022: TL 120.000).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment fund participation certificates (Net)	3.481.930	-	2.227.580	-
Sukuk	3.465.274	8.989.695	3.037.525	8.381.142
Equity Securities	-	42.316	-	37.912
Other	229	15.702	39	14.452
<b>Total</b>	<b>6.947.433</b>	<b>9.047.713</b>	<b>5.265.144</b>	<b>8.433.506</b>

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

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

As of March 31, 2023, there is not any investment amount subject to repurchase agreements (December 31, 2022: TL 344.775).

As of March 31, 2023, the collateralized /blocked nominal investment amount is TL 100 (December 31, 2022: TL 100).



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

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

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

	Current Period	Prior Period
<b>Debt Securities</b>	<b>1.860.742</b>	<b>2.205.636</b>
Quoted on a stock exchange	1.860.742	2.205.636
Unquoted	-	-
<b>Investment Funds</b>	<b>-</b>	<b>-</b>
Quoted on a stock exchange	-	-
Unquoted	-	-
<b>Share Certificates</b>	<b>32.245</b>	<b>31.532</b>
Quoted on a stock exchange	-	-
Unquoted	32.245	31.532
<b>Impairment Provision (-)</b>	<b>3</b>	<b>8</b>
<b>Total</b>	<b>1.892.984</b>	<b>2.237.160</b>

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

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

As of March 31, 2023, the nominal investment amount subject to repurchase agreements is TL 226.941 (December 31, 2022: TL 5.113.467)

As of March 31, 2023, the collateralized/blocked nominal investment amount is TL 7.185.469 (December 31, 2022: TL 5.072.373)

**b) Information on debt securities measured at amortised cost:**

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities <sup>(*)</sup>	20.186.342	19.159.367
Other Debt Securities	269.639	291.562
<b>Total</b>	<b>20.455.981</b>	<b>19.450.929</b>

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

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

	Current Period	Prior Period
Debt Securities	20.455.981	19.450.929
Quoted on a stock exchange	20.455.981	19.450.929
Unquoted	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>20.455.981</b>	<b>19.450.929</b>

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

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

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

	Current Period	Prior Period
Balance at beginning of period	19.450.929	8.103.211
Foreign currency differences on monetary assets	410.493	3.495.559
Purchases during period <sup>(*)</sup>	802.668	9.810.181
Disposals through sales and redemptions <sup>(*)</sup>	(180.699)	(2.441.847)
Impairment provision (-)	-	-
Reclassifications	-	-
Increases (decreases) in income accruals	(27.410)	483.825
<b>Closing balance</b>	<b>20.455.981</b>	<b>19.450.929</b>

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

**5. Information on derivative financial assets**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	8.684	-	12.515	-
Swap Transactions	209	-	1.636	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>8.893</b>	<b>-</b>	<b>14.151</b>	<b>-</b>

The Bank has not any derivative financial assets for hedging purposes. (December 31, 2022: None).

**6. Information on loans:**

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders	35.625	5.555	45.232	5.114
Corporate shareholders	32.055	5.205	42.171	5.114
Real person shareholders	3.570	350	3.061	-
Indirect loans granted to shareholders	1.487.974	31.558	1.472.808	63.544
Loans granted to employees	79.244	38	45.914	38
<b>Total</b>	<b>1.602.843</b>	<b>37.151</b>	<b>1.563.954</b>	<b>68.696</b>

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

Current Period		Loans Under Close Monitoring		
		Not Under the Scope of	Restructured	
Cash Loans	Standard Loans	Restructuring or Rescheduling	Amendments to the Terms of Contracts	Refinancing
<b>Loans</b>				
Export loans	7.172.515	2.898	-	-
Import loans	5.026.485	31.120	-	-
Business loans	31.352.266	1.214.532	2.859.311	3.280.045
Consumer loans	6.017.880	128.792	1.904	-
Credit cards	1.383.013	20.013	15	-
Loans given to financial sector	3.254.029	74	-	-
Other <sup>(*)</sup>	18.255.453	374.878	279.209	99.397
<b>Other receivables</b>	-	-	-	-
<b>Total</b>	<b>72.461.641</b>	<b>1.772.307</b>	<b>3.140.439</b>	<b>3.379.442</b>

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

Commercial loans with installments	7.001.100
Other investment credits	2.947.581
Loans given to abroad	3.519.280
Profit and loss sharing investments <sup>(**)</sup>	4.816.541
Loans for purchase of marketable securities for customer	679.772
Other	44.663
<b>Total</b>	<b>19.008.937</b>

<sup>(\*\*)</sup> As of March 31, 2023, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of March 31, 2023, the profit and loss partnership investments are evaluated as financial assets measured at fair value through profit or loss. Total cumulative valuation profit is TL 1.031.948 and valuation loss is TL 15.000 for profit and loss sharing investments.

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

Prior Period		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
			Amendments to the Terms of Contracts	Refinancing
Cash Loans	Standard Loans			
Loans				
Export loans	6.615.023	5.236	-	-
Import loans	4.537.954	37.534	-	-
Business loans	28.124.411	931.874	2.179.889	2.969.768
Consumer loans	4.966.072	104.602	2.030	-
Credit cards	1.301.390	20.886	28	-
Loans given to financial sector	2.973.629	116	-	-
Other <sup>(*)</sup>	17.926.598	327.212	103.782	-
Other receivables	-	-	-	-
Total	66.445.077	1.427.460	2.285.729	2.969.768

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

Commercial loans with installments	6.104.959
Other investment credits	2.973.558
Loans given to abroad	3.590.206
Profit and loss sharing investments <sup>(**)</sup>	4.939.322
Loans for purchase of marketable securities for customer	656.460
Other	93.087
<b>Total</b>	<b>18.357.592</b>

<sup>(\*\*)</sup> As of December 31, 2022, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of December 31, 2022, the profit and loss partnership investments are evaluated as financial assets measured at fair value through profit or loss, and the net profit amounts to TL 810.218 for 2022 (TL 771.845 valuation profit, TL 38.373 valuation loss reversal) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 1.086.555 and valuation loss is TL 15.000 for profit and loss sharing investments.

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

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	653.930	-
Significant Increase in Credit Risk	-	1.801.522
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	262.832	-
Significant Increase in Credit Risk	-	1.314.229

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

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

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

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

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Consumer loans-TL</b>	<b>213.456</b>	<b>5.845.022</b>	<b>6.058.478</b>
Housing loans	34.498	3.864.731	3.899.229
Vehicle loans	53.006	1.028.005	1.081.011
Consumer loans	125.952	952.286	1.078.238
Other	-	-	-
<b>Consumer loans-FC indexed</b>	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	-	<b>25.448</b>	<b>25.448</b>
Housing loans	-	12.572	12.572
Vehicle loans	-	-	-
Consumer loans	-	12.876	12.876
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>403.065</b>	<b>175</b>	<b>403.240</b>
With installment	137.725	142	137.867
Without installment	265.340	33	265.373
<b>Retail credit cards-FC</b>	-	-	-
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>53.323</b>	<b>11.327</b>	<b>64.650</b>
Housing loans	-	755	755
Vehicle loans	341	7.465	7.806
Consumer loans	52.982	3.107	56.089
Other	-	-	-
<b>Personnel loans-FC indexed</b>	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>14.594</b>	-	<b>14.594</b>
With installment	6.966	-	6.966
Without installment	7.628	-	7.628
<b>Personnel credit cards-FC</b>	-	-	-
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (Real Person)</b>	-	-	-
<b>Overdraft account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>684.438</b>	<b>5.881.972</b>	<b>6.566.410</b>

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

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

Prior Period	Short-term	Medium and long-term	Total
<b>Consumer loans-TL</b>	<b>166.404</b>	<b>4.848.210</b>	<b>5.014.614</b>
Housing loans	14.181	3.595.562	3.609.743
Vehicle loans	39.282	741.079	780.361
Consumer loans	112.941	511.569	624.510
Other	-	-	-
<b>Consumer loans-FC indexed</b>	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer loans-FC</b>	-	<b>24.929</b>	<b>24.929</b>
Housing loans	-	11.516	11.516
Vehicle loans	-	-	-
Consumer loans	-	13.413	13.413
Other	-	-	-
<b>Retail credit cards-TL</b>	<b>368.458</b>	<b>224</b>	<b>368.682</b>
With installment	139.348	204	139.552
Without installment	229.110	20	229.130
<b>Retail credit cards-FC</b>	-	-	-
With installment	-	-	-
Without installment	-	-	-
<b>Personnel loans-TL</b>	<b>25.738</b>	<b>7.423</b>	<b>33.161</b>
Housing loans	-	288	288
Vehicle loans	150	4.091	4.241
Consumer loans	25.588	3.044	28.632
Other	-	-	-
<b>Personnel loans-FC indexed</b>	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel loans-FC</b>	-	-	-
Housing loans	-	-	-
Vehicle loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel credit cards-TL</b>	<b>12.753</b>	-	<b>12.753</b>
With installment	6.623	-	6.623
Without installment	6.130	-	6.130
<b>Personnel credit cards-FC</b>	-	-	-
With installment	-	-	-
Without-installment	-	-	-
<b>Overdraft account-TL (Real Person)</b>	-	-	-
<b>Overdraft account-FC (Real Person)</b>	-	-	-
<b>Total</b>	<b>573.353</b>	<b>4.880.786</b>	<b>5.454.139</b>

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

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

<b>Current Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>3.067.956</b>	<b>2.905.553</b>	<b>5.973.509</b>
Business loans	149.942	645.271	795.213
Vehicle loans	2.553.750	1.626.069	4.179.819
Consumer loans	364.264	634.213	998.477
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>20.458</b>	<b>20.458</b>
Business loans	-	20.237	20.237
Vehicle loans	-	221	221
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>10.913</b>	<b>996.220</b>	<b>1.007.133</b>
Business loans	8.210	316.991	325.201
Vehicle loans	2.703	508.320	511.023
Consumer loans	-	170.909	170.909
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>981.598</b>	<b>3.609</b>	<b>985.207</b>
With installment	326.256	3.393	329.649
Without installment	655.342	216	655.558
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4.060.467</b>	<b>3.925.840</b>	<b>7.986.307</b>

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>1.956.691</b>	<b>3.042.792</b>	<b>4.999.483</b>
Business loans	66.873	649.119	715.992
Vehicle loans	1.767.735	1.885.805	3.653.540
Consumer loans	122.083	507.868	629.951
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>28.284</b>	<b>28.284</b>
Business loans	-	27.954	27.954
Vehicle loans	-	330	330
Consumer loans	-	-	-
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>18.579</b>	<b>1.058.613</b>	<b>1.077.192</b>
Business loans	12.613	339.133	351.746
Vehicle loans	5.966	519.984	525.950
Consumer loans	-	199.496	199.496
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>939.426</b>	<b>1.443</b>	<b>940.869</b>
With installment	301.816	1.308	303.124
Without installment	637.610	135	637.745
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>2.914.696</b>	<b>4.131.132</b>	<b>7.045.828</b>

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

**e. Allocation of loans by customers:**

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

**f. Breakdown of domestic and foreign loans:**

	Current Period	Prior Period
Domestic loans	77.234.549	69.537.828
Foreign loans	3.519.280	3.590.206
<b>Total</b>	<b>80.753.829</b>	<b>73.128.034</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Subsidiaries and Associates	6	-	6	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
<b>Total</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>-</b>

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

	Current Period	Prior Period
Loans with limited collectability	75.016	187.900
Loans with doubtful collectability	234.044	432.705
Uncollectible loans	755.104	682.065
<b>Total</b>	<b>1.064.164</b>	<b>1.302.670</b>

Specific provisions in the amount of TL 1.064.164 (December 31, 2022: TL 1.302.670) comprise TL 312.324 (December 31, 2022: TL 387.747) of participation account share of loans provided from participation accounts.

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

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
<b>Current period</b>			
Gross amount before specific provisions	54.008	28.855	12.756
Restructured loans	54.008	28.855	12.756
<b>Prior Period</b>			
Gross amount before specific provisions	56.473	28.473	11.840
Restructured loans	56.473	28.473	11.840



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

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
<b>Current Period</b>	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Closing balance of prior period</b>	<b>212.750</b>	<b>453.980</b>	<b>801.247</b>
Additions in the current period (+)	34.777	1.970	22.028
Transfers from other categories of non-performing loans (+)	-	26.762	207.890
Transfers to other categories of non-performing loans (-)	26.762	207.890	-
Collections in the current period (-)	16.589	10.394	50.268
Transfers to standard loans and write off(-) <sup>(*)</sup>	108.983	14.472	111.717
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>95.193</b>	<b>249.956</b>	<b>869.180</b>
Provisions (-)	75.016	234.044	755.104
<b>Net balance at the balance sheet</b>	<b>20.177</b>	<b>15.912</b>	<b>114.076</b>

<sup>(\*)</sup> According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 4.653. Since there is no reasonable expectation regarding its recovery, TL 230.519 has been deleted from the accounting records in the scope of the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" together with its 100% specific provision. The impact of the write-off under TFRS 9 on the NPL ratio is 27 basis points

Non-performing loans in the amount of TL 1.214.329 comprise TL 406.626 of participation account share of loans provided from participation accounts.

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
<b>Prior Period</b>	<b>Loans and receivables with limited collectability</b>	<b>Loans and receivables with doubtful collectability</b>	<b>Uncollectable loans and receivables</b>
<b>Closing balance of prior period</b>	<b>523.543</b>	<b>365.483</b>	<b>2.894.211</b>
Additions in the current period (+)	2.346.943	178.377	619.901
Transfers from other categories of non-performing loans (+)	-	905.112	521.765
Transfers to other categories of non-performing loans (-)	905.112	521.765	-
Collections in the current period (-)	841.586	94.912	437.736
Transfers to standard loans and write off(-) <sup>(*)</sup>	911.038	378.315	2.796.894
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>212.750</b>	<b>453.980</b>	<b>801.247</b>
Specific provisions (-)	187.900	432.705	682.065
<b>Net balance at the balance sheet</b>	<b>24.850</b>	<b>21.275</b>	<b>119.182</b>

<sup>(\*)</sup> According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 91.487. Since there is no reasonable expectation regarding its recovery, TL 3.994.760 has been deleted from the accounting records in the scope of the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" together with its 100% specific provision. The impact of the write-off under TFRS 9 on the NPL ratio is 493 basis points

Non-performing loans in the amount of TL 1.467.977 comprise TL 491.591 of participation account share of loans provided from participation accounts.

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

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Current period:</b>			
Period end balance	7.238	19.911	5.712
Provision (-)	5.831	17.172	5.375
<b>Net balance</b>	<b>1.407</b>	<b>2.739</b>	<b>337</b>
<b>Prior period:</b>			
Period end balance	94.340	30.370	33.216
Provision (-)	92.271	26.168	31.300
<b>Net balance</b>	<b>2.069</b>	<b>4.202</b>	<b>1.916</b>

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Current period (net)</b>	<b>20.177</b>	<b>15.912</b>	<b>114.076</b>
Loans to individuals and corporates (gross)	95.193	249.956	869.180
Provision (-)	75.016	234.044	755.104
<b>Loans to individuals and corporates (net)</b>	<b>20.177</b>	<b>15.912</b>	<b>114.076</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior period (net)</b>	<b>24.850</b>	<b>21.275</b>	<b>119.182</b>
Loans to individuals and corporates (gross)	212.750	453.980	801.247
Provision (-)	187.900	432.705	682.065
<b>Loans to individuals and corporates (net)</b>	<b>24.850</b>	<b>21.275</b>	<b>119.182</b>
Banks (gross)	-	-	-
Provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (gross)	-	-	-
Provision (-)	-	-	-
<b>Other loans and receivables (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

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

**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:**

	<b>Group III</b> <b>Loans with</b> <b>limited</b> <b>collectability</b>	<b>Group IV</b> <b>Loans with</b> <b>doubtful</b> <b>collectability</b>	<b>Group V</b> <b>Uncollectible</b> <b>loans</b>
<b>Current Period (Net)</b>	<b>7.777</b>	<b>5.573</b>	<b>94.297</b>
Profit Share Accruals and Valuation Differences	7.777	5.573	95.257
Provision (-)	-	-	960
<b>Prior Period (Net)</b>	<b>11.218</b>	<b>5.060</b>	<b>96.567</b>
Profit Share Accruals and Valuation Differences	24.407	6.322	140.043
Provision (-)	13.189	1.262	43.476

**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:**

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than a year	390.863	372.466	244.455	229.389
1 to 4 years	708.544	625.718	642.468	567.951
More than 4 years	88.949	81.347	122.238	111.403
<b>Total</b>	<b>1.188.356</b>	<b>1.079.531</b>	<b>1.009.161</b>	<b>908.743</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Financial lease receivables (Gross)	1.188.356	1.009.161
Unearned financial lease receivable (-)	108.825	100.418
<b>Net receivable from financial leases</b>	<b>1.079.531</b>	<b>908.743</b>

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

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

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

Information on leasing receivables:

		Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
	Standard Loans		Loans with Revised Contract Terms	Refinancing
<b>Current Period</b>				
Financial lease receivables (Net)	1.057.317	8.257	13.957	-
<b>Prior Period</b>				
Financial lease receivables (Net)	887.570	6.439	14.734	-

**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	341.132	118.978
Additions	10.230	380.642
Disposals	(4.604)	(89.884)
Transfers <sup>(*)</sup>	(9.448)	(111.996)
Impairment Provision(-)/Reversal of Impairment Provision <sup>(*)</sup>	(13)	43.392
<b>Net closing balance</b>	<b>337.297</b>	<b>341.132</b>

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

As of March 31, 2023, TL 337.297 (December 31, 2022: TL 341.132) of the assets held for sale is comprised of real estates. There are no other tangible assets (December 31, 2022: None). The Bank has not any discontinued operations and assets of discontinued operations.

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

**9. Ownership investments:**

**a. Associates:**

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

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

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

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

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

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

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

**b2. Information on consolidated subsidiaries:**

Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş., the purpose of which are to obtain rental income by taking over the assets of the source institution and leasing them back to the source institution, issue rent certificates based on said rental income and pass on the related assets to source institution by the end of the rental period. Bereket Varlık Kiralama A.Ş. and Değer Varlık Kiralama A.Ş. have been founded to operate according to rulings of Turkish Trade Law about foundations of incorporations and complying with Communiqué on "Principles Related to Rent Certificates and Asset Leasing Companies" dated April 1, 2010 and numbered 27539 serial: 3 no:43 published in Official Gazette by Capital Markets Board of Türkiye and other related regulations. The founding capital of each company is TL 50. As of March 31, 2023, the capital of each company is TL 50.

i. The balances of Bereket Varlık Kiralama A.Ş. presented in the table below have been obtained from unreviewed financial statements as of March 31, 2023.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
1.236.758	247	2	-	-	46	141	-

ii. The balances of Değer Varlık Kiralama A.Ş. presented in the table below have been obtained from unreviewed financial statements as of March 31, 2023.

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

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

**b2. Information on consolidated subsidiaries (continued):**

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
128.981	999	-	-	-	515	434	-

iii. In the Board of Directors meeting dated February 25, 2015, the Bank has taken a resolution on establishment a real estate portfolio management company with the name of "Albaraka Gayrimenkul Portföy Yönetimi A.Ş." whose capital is TL 5.000. The company is registered on June 3, 2015 and the foundation of the company is published on Trade Registry Gazette dated June 9, 2015 numbered 8837. The title of the company was changed to "Albaraka Portföy Yönetimi A.Ş." upon the decision of "2018 Extraordinary General Assembly" dated December 20, 2017. As of March 31, 2023, the capital of the company is TL 45.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from unreviewed financial statements as of March 31, 2023.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
251.141	240.733	1.920	5.874	-	34.355	153.733	-

iv. Getinsha GmbH has been established in Berlin (Germany) in 2018 in order to provide digital participation banking services through the banking license of Solarisbank AG to collect funds through mentioned license (mudharaba method) and to evaluate funds in accordance with the interest-free finance principles of the signed contract. As of March 31, 2023, the capital of the company is EUR 5.982.255 (full balance in original currency) equivalent to TL 64.221 as historical cost in the Balance Sheet.

As of March 31, 2023, unreviewed financial statements of Getinsha GmbH is as follows:

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
€ 1.164.191	€ 53.001	€ 505.899	-	-	€ (206.580)	€ (5.722.674)	-

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

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

	Current Period	Prior Period
Amount at the beginning of the period	69.321	69.321
Movements inside the term	-	-
Purchases/new incorporations/capital increases/capital decreases (-)	-	-
Bonus shares	-	-
Profit received from current year share	-	-
Sales	-	-
Revaluation increases	-	-
Impairments	-	-
Amount at the end of the period	69.321	69.321
Capital commitments	-	-
<b>Share of the capital at the end of the period (%)</b>	<b>100</b>	<b>100</b>

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	69.321	69.321

**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 March 31, 2023 is as follows:

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%	50%	1.112.498	11.627.789	11.668.572	257.673	232.750

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, 2022: None)

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

As of March 31, 2023, the Bank calculated net deferred tax asset of TL 536.025 (December 31, 2022: TL 453.731) by netting off deferred tax asset of TL 1.011.190 (December 31, 2021: TL 819.562) and deferred tax liability of TL 475.165 (December 31, 2022: TL 365.831) 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	112.615	183.605
Provisions for retirement premium and vacation pay liabilities	130.986	171.394
Difference between carrying value and tax base of tangible assets (amortisation differences)	172.599	79.722
Depreciation of tangible assets	387	387
Provisions for cases on trial	10.482	10.542
Provisions	518.827	311.329
Leasing profit share expenses	63.029	57.838
Other	2.265	4.745
<b>Deferred tax asset</b>	<b>1.011.190</b>	<b>819.562</b>
Revaluation difference of property	141.203	145.533
Rediscount on profit share	39.940	9.577
Right of use assets	122.224	111.529
Derivative financial liabilities	2.223	3.538
Investment funds	101.247	27.565
Other <sup>(*)</sup>	68.328	68.089
<b>Deferred tax liability</b>	<b>475.165</b>	<b>365.831</b>
<b>Deferred tax asset (net)</b>	<b>536.025</b>	<b>453.731</b>

<sup>(\*)</sup> Includes TL 64.297, the deferred tax liability of securities revaluation difference at fair value through other comprehensive income. (December 31, 2022: 63.871 TL )

**14. Information on other assets:**

As of the balance sheet date, the Bank's other assets balance is TL 1.500.913 (December 31, 2022: TL 722.300) and does not exceed 10% of balance sheet total excluding off balance sheet commitments.



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

**1. Information on funds collected:**

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

Current Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts</b>									
Non-Trade TL	5.386.696	-	-	-	-	-	-	-	5.386.696
<b>II. Real Persons Participation</b>									
Accounts Non-Trade TL	-	3.112.153	24.057.576	2.886.258	-	17.573	8.810.229	12.969	38.896.758
<b>III. Current Account other-TL</b>	7.528.046	-	-	-	-	-	-	-	7.528.046
Public Sector	192.785	-	-	-	-	-	-	-	192.785
Commercial Institutions	6.932.109	-	-	-	-	-	-	-	6.932.109
Other Institutions	365.854	-	-	-	-	-	-	-	365.854
Commercial and Other Institutions	15.617	-	-	-	-	-	-	-	15.617
Banks and Participation Banks	21.681	-	-	-	-	-	-	-	21.681
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	21.659	-	-	-	-	-	-	-	21.659
Participation Banks	20	-	-	-	-	-	-	-	20
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	1.230.307	4.632.660	584.975	-	3.482	1.679.010	11	8.130.445
Public Sector	-	11	141	-	-	-	-	-	152
Commercial Institutions	-	1.129.245	4.063.444	547.425	-	3.412	1.647.128	11	7.390.665
Other Institutions	-	100.886	516.829	34.603	-	70	31.882	-	684.270
Commercial and Other Institutions	-	165	52.207	2.947	-	-	-	-	55.319
Banks and Participation Banks	-	-	39	-	-	-	-	-	39
<b>V. Real Persons Current Accounts</b>									
Non- Trade FC	16.763.469	-	-	-	-	-	-	-	16.763.469
<b>VI. Real Persons Participation</b>									
Accounts Non-Trade FC	-	6.260.837	5.242.341	569.406	-	45.455	1.931.778	20.606	14.070.423
<b>VII. Other Current Accounts FC</b>	12.625.143	-	-	-	-	-	-	-	12.625.143
Residents in Türkiye-Corporate	6.592.292	-	-	-	-	-	-	-	6.592.292
Residents Abroad-Corporate	4.690.401	-	-	-	-	-	-	-	4.690.401
Banks and Participation Banks	1.342.450	-	-	-	-	-	-	-	1.342.450
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	108	-	-	-	-	-	-	-	108
Foreign Banks	1.342.089	-	-	-	-	-	-	-	1.342.089
Participation Banks	253	-	-	-	-	-	-	-	253
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	-	368.109	632.403	418.363	-	29.411	67.186	690	1.516.162
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	346.495	463.816	406.000	-	150	13.007	690	1.230.158
Other institutions	-	7.755	3.416	270	-	-	-	-	11.441
Commercial and Other Institutions	-	13.859	165.171	12.093	-	-	54.179	-	245.302
Banks and Participation Banks	-	-	-	-	-	29.261	-	-	29.261
<b>IX. Precious Metals Deposits</b>	7.998.034	365.061	555.132	150.214	-	4.561	102.415	4.391	9.179.808
<b>X. Participation Accounts Special</b>									
Fund Pools TL	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special</b>									
Fund Pools – FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>50.301.388</b>	<b>11.336.467</b>	<b>35.120.112</b>	<b>4.609.216</b>	<b>-</b>	<b>100.482</b>	<b>12.590.618</b>	<b>38.667</b>	<b>114.096.950</b>

Foreign exchange-protected participation account instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL participation accounts are valued with profit rates and are protected against changes in foreign exchange rates, is offered to bank customers. Within this scope, as of March 31, 2023, TL participation accounts include TL 36.161.029 foreign exchange-protected participation accounts.

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

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

Prior Period	Demand	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Over 1 year	Accumulated participation accounts	Total
<b>I. Real Persons Current Accounts Non-Trade TL</b>	<b>5.222.601</b>	-	-	-	-	-	-	-	<b>5.222.601</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>2.814.203</b>	<b>20.314.487</b>	<b>1.664.847</b>	-	<b>17.513</b>	<b>4.966.871</b>	<b>14.144</b>	<b>29.792.065</b>
<b>III. Current Account other-TL</b>	<b>7.430.916</b>	-	-	-	-	-	-	-	<b>7.430.916</b>
Public Sector	46.362	-	-	-	-	-	-	-	46.362
Commercial Institutions	7.129.339	-	-	-	-	-	-	-	7.129.339
Other Institutions	213.030	-	-	-	-	-	-	-	213.030
Commercial and Other Institutions	17.807	-	-	-	-	-	-	-	17.807
Banks and Participation Banks	24.378	-	-	-	-	-	-	-	24.378
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	24.354	-	-	-	-	-	-	-	24.354
Participation Banks	22	-	-	-	-	-	-	-	22
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>1.192.652</b>	<b>5.344.286</b>	<b>911.150</b>	-	<b>5.162</b>	<b>1.645.237</b>	<b>113</b>	<b>9.098.600</b>
Public Sector	-	20	135	-	-	-	-	-	155
Commercial Institutions	-	1.139.687	4.919.233	864.510	-	5.155	1.639.092	113	8.567.790
Other Institutions	-	52.786	342.517	43.787	-	7	6.145	-	445.242
Commercial and Other Institutions	-	159	82.364	2.853	-	-	-	-	85.376
Banks and Participation Banks	-	-	37	-	-	-	-	-	37
<b>V. Real Persons Current Accounts Non-Trade FC</b>	<b>19.128.553</b>	-	-	-	-	-	-	-	<b>19.128.553</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>7.212.751</b>	<b>6.985.507</b>	<b>1.000.316</b>	-	<b>57.892</b>	<b>2.727.477</b>	<b>18.533</b>	<b>18.002.476</b>
<b>VII. Other Current Accounts FC</b>	<b>13.639.947</b>	-	-	-	-	-	-	-	<b>13.639.947</b>
Residents in Türkiye-Corporate	7.002.573	-	-	-	-	-	-	-	7.002.573
Residents abroad-Corporate	5.596.555	-	-	-	-	-	-	-	5.596.555
Banks and Participation Banks	1.040.819	-	-	-	-	-	-	-	1.040.819
Central Bank of Türkiye	-	-	-	-	-	-	-	-	-
Domestic Banks	103	-	-	-	-	-	-	-	103
Foreign Banks	1.040.473	-	-	-	-	-	-	-	1.040.473
Participation Banks	243	-	-	-	-	-	-	-	243
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other-FC</b>	-	<b>619.148</b>	<b>709.210</b>	<b>23.608</b>	-	<b>28.454</b>	<b>77.647</b>	<b>500</b>	<b>1.458.567</b>
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	561.264	524.458	11.627	-	194	31.391	500	1.129.434
Other Institutions	-	26.657	13.526	246	-	-	-	-	40.429
Commercial and Other Institutions	-	31.227	171.226	11.735	-	-	46.256	-	260.444
Banks and Participation Banks	-	-	-	-	-	28.260	-	-	28.260
<b>IX. Precious Metals Deposits</b>	<b>6.788.587</b>	<b>731.679</b>	<b>1.225.306</b>	<b>56.154</b>	-	<b>2.648</b>	<b>94.228</b>	<b>3.470</b>	<b>8.902.072</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools -FC</b>	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>52.210.604</b>	<b>12.570.433</b>	<b>34.578.796</b>	<b>3.656.075</b>	-	<b>111.669</b>	<b>9.511.460</b>	<b>36.760</b>	<b>112.675.797</b>

Foreign exchange-protected participation account instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL participation accounts are valued with profit rates and are protected against changes in foreign exchange rates, is offered to bank customers. Within this scope, as of December 31, 2022, TL participation accounts include TL 27.864.396 foreign exchange-protected participation accounts.

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

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

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

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

	Under the guarantee of Insurance	Under the guarantee of Insurance	Exceeding the guarantee of Insurance	Exceeding the guarantee of Insurance
	Current Period	Prior Period	Current Period	Prior Period
Real persons' current and participation accounts not subject to trading transactions				
Turkish Lira accounts	13.627.563	9.230.265	30.655.892	25.784.400
Foreign currency accounts	14.171.722	10.360.486	24.741.330	34.973.814
Foreign branches' deposits subject to foreign authorities' insurance	42.964	44.818	229.479	310.499
Off-shore deposits under foreign authorities' insurance	-	-	-	-

(<sup>1</sup>) In accordance with the "Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936, all deposit and participation funds have been insured except official institutions in the presence of credit institutions, credit institutions and financial institutions. In this context, commercial current and participation accounts covered by the insurance amount to TL 5.288.745, amounts exceeding the insurance limit is TL 23.185.632 and the mentioned amount is not included in the footnote.

Funds collected by Participation Banks (except belonging to official institutions, credit institutions and financial institutions) from current and participation accounts denominated in Turkish Lira or foreign currency up to a limit of maximum TL 400 (including both principal and profit shares) for each real person or legal 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	-	-
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	22.778	41.853
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 Türkiye in order to engage solely in Off-Shore Banking Activities	-	-

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

**2. Information on borrowings:**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	1.192.660	-	3.054.715
Loans Obtained from Issued Lease Certificates (Sukuk)	1.236.334	-	886.036	-
Other	983.858	6.743.641	54.425	416.804
<b>Total</b>	<b>2.220.192</b>	<b>7.936.301</b>	<b>940.461</b>	<b>3.471.519</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	2.220.192	5.500.497	940.461	6.731
Loans from foreign banks, institutions and funds	-	2.435.804	-	3.464.788
<b>Total</b>	<b>2.220.192</b>	<b>7.936.301</b>	<b>940.461</b>	<b>3.471.519</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	1.593.583	6.986.188	507.864	3.466.719
Medium and Long-Term	626.609	950.113	432.597	4.800
<b>Total</b>	<b>2.220.192</b>	<b>7.936.301</b>	<b>940.461</b>	<b>3.471.519</b>

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

The Bank does not have concentration on customer or sector group providing funds (December 31, 2022: None).

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	5.685	-	8.542	808
Swap transactions	523	4.065	4.277	852
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>6.208</b>	<b>4.065</b>	<b>12.819</b>	<b>1.660</b>

The Bank has not any derivative financial liabilities for hedging purposes (December 31, 2022: None).

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than a year	4.562	-	5.863	-
1 to 5 years	156.326	25.583	154.708	26.214
Over 5 years	335.447	1.310	289.836	185
<b>Total</b>	<b>496.335</b>	<b>26.893</b>	<b>450.407</b>	<b>26.399</b>

**5. Information on provisions:**

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

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 336.632 (December 31, 2022: TL 321.032) and vacation pay liability amounting to TL 187.314 (December 31, 2022: TL 14.545) totaling to TL 523.946 (December 31, 2022: TL 335.577). Under vacation pay liability there is remaining performance premium amounts to TL 160.311 after deducting TL 189.689 (the distributed amount ) from TL 350.000 allocated in the previous term (December 31, 2022: TL 350.000). The Bank has calculated the reserve for employee termination benefits using actuarial valuation methods as indicated in TAS 19. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	11,10	11,10
Estimated increase rate of salary ceiling (%)	10,00	10,00

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

	Current Period	Prior Period
Prior period ending balance	321.032	130.282
Allocation the in period	15.600	8.956
Actuarial (gain)/loss	-	181.794
<b>Balance at the end of the period</b>	<b>336.632</b>	<b>321.032</b>

**b. Other provisions:**

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	21.950	20.239
Provisions allocated from profit shares to be distributed to profit sharing accounts	10.636	6.438
Third stage expected loss provisions for unindemnified letter of guarantees	15.739	15.360
Third stage expected loss provisions for cheques commitments	5.472	4.604
Provisions for promotions related with credit cards and promotion of banking services	490	445
Provisions for cases on trial	41.929	42.169
Accrual for purchase and sale commitments	546	375
Free provisions allocated for possible losses <sup>(*)</sup>	1.885.000	1.800.000
Other	321	313
<b>Total</b>	<b>1.982.083</b>	<b>1.889.943</b>

<sup>(\*)</sup> Includes free provision amounting to TL 1.885.000, which is set aside by the Bank's management apart from the requirements of the BRSA Accounting and Financial Reporting Legislation. (December 31, 2022: 1.800.000 TL).

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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 March 31, 2023, the provision for exchange losses in foreign currency indexed loans and financial lease receivables amounts to TL 17 (December 31, 2022: None).

**6. Information on taxes payable:**

**a. Explanations on current tax liability**

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

As of March 31, 2023, the Bank's remaining tax liability after deducting the temporary taxes paid from corporate tax amounts to TL 642.620 (December 31, 2022: TL 604.361).

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

	Current Period	Prior Period
Corporate taxes payable	642.620	604.361
Banking insurance transaction tax	47.216	41.888
Taxation on securities income	9.543	13.020
Value added tax payable	5.245	6.698
Taxation on real estate income	2.073	1.888
Foreign exchange transaction tax	5.434	6.255
Income tax deducted from wages	26.114	28.796
Other	7.590	6.063
<b>Total</b>	<b>745.835</b>	<b>708.969</b>

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

	Current Period	Prior Period
Social security premiums-employee	17.393	11.983
Social security premiums-employer	24.629	13.239
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	1.240	854
Unemployment insurance-employer	2.480	1.708
Other	-	-
<b>Total</b>	<b>45.742</b>	<b>27.784</b>

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

None (December 31, 2022: 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:**

**Information on 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	-	6.872.048	-	4.694.238
Subordinated loans	-	6.872.048	-	4.694.238
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6.872.048</b>	<b>-</b>	<b>4.694.238</b>

The Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Türkiye 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 has been determined as 10,50 % for the first 5 years and 9,371% for the last 5 years (starting from May 2021).

The Bank has obtained subordinated loan on February 28, 2023 from the investors not resident in Türkiye through its structured entity Albaraka CT One Ltd amounting to USD 100.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the Subordinated Loan is 10 %.

**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, 2022: None).

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

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

	Current Period	Prior Period
Common stock	2.500.000	2.500.000
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 Boards of Directors dated November 30, 2022, it has been decided that authorized share capital is TL 5.000.000 between 2023 and 2027 (5 years). Following the applications to legal authorities and their approval, The Bank's text of amendment to the main contract has been approved in the General Assembly dated March 27, 2023.

Share Capital System	Paid-in Capital	Ceiling
Registered Capital	2.500.000	5.000.000

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

None.

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

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

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

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

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

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

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

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

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

There are no privileges given to stocks representing the capital.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Valuation difference <sup>(*)</sup>	188.898	3.503	162.579	28.542
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>188.898</b>	<b>3.503</b>	<b>162.579</b>	<b>28.542</b>

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

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

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

The total coupon payment for the related transaction amounting to TL 985.233 (December 31, 2022: TL 792.205) 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	2.226.141	1.910.259
Payment commitments for cheques	1.709.877	1.109.464
Asset purchase and sale commitments	966.711	581.749
Loan granting commitments	613.961	618.854
Tax and funds liabilities arising from export commitments	37.946	30.942
Commitments for promotions related with credit cards and banking activities	625	687
Other irrevocable commitments	558	563
Other revocable commitments	44.500	53.500
<b>Total</b>	<b>5.600.319</b>	<b>4.306.018</b>

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

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

	Current Period	Prior Period
Letters of guarantees	18.435.206	17.449.635
Bank loans	37.395	70.414
Letters of credit	3.541.835	3.467.844
Other guaranties and sureties	137.061	135.117
<b>Total</b>	<b>22.151.497</b>	<b>21.123.010</b>

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

	Current Period	Prior Period
Letters of guarantees	18.435.206	17.449.635
Long standing letters of guarantees	13.728.663	12.792.451
Temporary letters of guarantees	496.296	546.270
Advance letters of guarantees	932.345	866.507
Letters of guarantees given to customs	1.104.077	1.059.864
Letters of guarantees given for obtaining cash loans	2.173.825	2.184.543
Sureties and similar transactions	137.061	135.117
<b>Total</b>	<b>18.572.267</b>	<b>17.584.752</b>

**c. Within the Non-cash Loans**

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

	Current Period	Prior Period
Non-cash loans given against cash loans	2.173.825	2.184.543
With original maturity of 1 year or less	762.786	745.936
With original maturity of more than 1 year	1.411.039	1.438.607
Other non-cash loans	19.977.672	18.938.467
<b>Total</b>	<b>22.151.497</b>	<b>21.123.010</b>

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

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

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

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

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

**2. Explanations on derivative transactions:**

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

**3. Explanations on contingent assets and liabilities:**

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

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

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

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Profit share received from loans<sup>(*)</sup></b>				
Short Term Loans	992.070	100.419	355.895	59.971
Medium and Long Term Loans	985.763	264.742	633.700	265.232
Profit Share on Non-Performing Loans	35.914	492	29.586	2.291
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>2.013.747</b>	<b>365.653</b>	<b>1.019.181</b>	<b>327.494</b>

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
CBRT	1.046	-	40.451	-
Domestic Banks	10	-	108	-
Foreign Banks	-	-	-	-
Head Offices and Branches Abroad	-	-	-	-
<b>Total</b>	<b>1.056</b>	<b>-</b>	<b>40.559</b>	<b>-</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit/loss	217.857	63.140	111.322	56.067
Financial assets measured at fair value through other comprehensive income	58.814	20.678	82.279	3.018
Financial assets measured at amortised cost	275.262	174.681	46.303	92.374
<b>Total</b>	<b>551.933</b>	<b>258.499</b>	<b>239.904</b>	<b>151.459</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit shares income received from associates and subsidiaries	1.323	-	13.382	-
<b>Total</b>	<b>1.323</b>	<b>-</b>	<b>13.382</b>	<b>-</b>

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

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

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

Current Period		Profit sharing accounts							
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total	
TL									
Funds collected from banks through current and profit sharing accounts	-	1	-	-	-	-	-	1	
Real persons' non-trading profit sharing accounts	109.252	753.520	70.040	-	722	193.847	484	1.127.865	
Public sector profit sharing accounts	-	5	-	-	-	-	-	5	
Commercial sector profit sharing accounts	52.184	157.196	31.687	-	61.890	7.381	-	310.338	
Other institutions profit sharing accounts	3.311	15.901	1.400	-	2	153	-	20.767	
Total	164.747	926.623	103.127	-	62.614	201.381	484	1.458.976	
FC									
Funds collected from banks through current and profit sharing accounts	-	-	-	-	201	-	-	201	
Real persons' non-trading profit sharing accounts	20.236	16.778	2.748	-	135	6.863	104	46.864	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	1.219	1.351	723	-	1	52	3	3.349	
Other institutions profit sharing accounts	132	504	39	-	-	682	-	1.357	
Precious metals deposits	23	52	7	-	1	51	1	135	
Total	21.610	18.685	3.517	-	338	7.648	108	51.906	
Grand total	186.357	945.308	106.644	-	62.952	209.029	592	1.510.882	

Prior Period		Profit sharing accounts							
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year	Accumulated profit sharing account	Total	
TL									
Funds collected from banks through current and profit sharing accounts	-	5.423	-	-	-	-	-	5.423	
Real persons' non-trading profit sharing accounts	95.506	308.134	19.545	-	950	33.147	412	457.694	
Public sector profit sharing accounts	-	3	-	-	-	-	-	3	
Commercial sector profit sharing accounts	24.147	62.876	64.929	-	4.525	4.160	2	160.639	
Other institutions profit sharing accounts	2.008	12.922	2.204	-	1	86	-	17.221	
Total	121.661	389.358	86.678	-	5.476	37.393	414	640.980	
FC									
Funds collected from banks through current and profit sharing accounts	-	644	-	-	78	-	-	722	
Real persons' non-trading profit sharing accounts	8.478	13.450	1.621	-	107	7.396	26	31.078	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	940	7.038	18	-	12	76	1	8.085	
Other institutions profit sharing accounts	316	637	10	-	-	-	-	963	
Precious metals deposits	267	1.016	65	-	6	165	8	1.527	
Total	10.001	22.785	1.714	-	203	7.637	35	42.375	
Grand total	131.662	412.143	88.392	-	5.679	45.030	449	683.355	

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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	2.458	69.972	38	8.634
CBRT	-	-	-	-
Domestic banks	-	3	-	292
Foreign banks	2.458	69.969	38	8.342
Head offices and branches abroad	-	-	-	-
Other institutions	38.725	129.611	171.842	82.090
<b>Total</b>	<b>41.183</b>	<b>199.583</b>	<b>171.880</b>	<b>90.724</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share paid to investments in associates and subsidiaries	36.518	-	169.455	-
<b>Total</b>	<b>36.518</b>	<b>-</b>	<b>169.455</b>	<b>-</b>

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

None (March 31, 2022: 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
Clearing room fees and commissions	32.647	23.938
Member firm-POS fees and commissions	36.163	24.994
Commissions on money orders	47.064	25.447
Prepaid import commissions	37.883	18.072
Loan Limit Allocation Fees	48.069	13.512
Insurance and brokerage commissions	32.462	9.998
Service pack commissions	36.854	6.069
Appraisal fees	14.105	5.248
Export credit commissions	3.629	4.772
Advocacy service commissions and counsel fees	2.431	2.100
Checks and bills commissions	2.620	1.572
Fees and commissions from correspondent banks	1.576	1.141
Safe deposit box commissions	1.327	918
Pledge Put and Mortgage Release Fees	1.748	682
Enquiry fees received	994	614
Other	34.547	17.142
<b>Total</b>	<b>334.119</b>	<b>156.219</b>

Other Fees and Commissions Paid	Current Period	Prior Period
Required Reserves Commissions for CBRT in Foreign currency	107.780	231
Fees and commissions for Swift, EFT and money orders	19.269	21.569
Member firm-POS fees and commissions	24.724	14.873
Credit cards fees and commissions	26.564	14.036
Funds borrowed fees and commissions	1.044	1.986
Other	13.006	4.196
<b>Total</b>	<b>192.387</b>	<b>56.891</b>

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

**4. Information on dividend income:**

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	-	80	-	48
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>80</b>	<b>-</b>	<b>48</b>

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

	Current Period	Prior Period
<b>Income</b>	<b>4.921.552</b>	<b>13.397.997</b>
Income from capital market transactions	600.860	603.843
Income from derivative financial instruments	29.179	83.720
Foreign exchange income	4.291.513	12.710.434
<b>Loss (-)</b>	<b>4.291.099</b>	<b>12.719.673</b>
Loss on capital market transactions	383.712	176.324
Loss on derivative financial instruments	29.239	49.774
Foreign exchange losses	3.878.148	12.493.575
<b>Trading Income/Loss (net)</b>	<b>630.453</b>	<b>678.324</b>

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

	Current Period	Prior Period
Reversal of prior year provisions	663.211	307.842
Income from sale of assets	47.619	40.487
Communication revenue	10.740	10.155
Cheque book charges	1.036	914
Operating Lease Income	11.498	132
Other income	23.157	4.269
<b>Total</b>	<b>757.261</b>	<b>363.799</b>

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

**7. Informations on Expected Credit Losses and Other Provision Expenses:**

	<b>Current Period</b>	<b>Prior Period</b>
<b>Expected Credit Loss</b>	<b>1.220.911</b>	<b>1.097.020</b>
12 month expected credit loss (stage 1)	405.345	58.654
Significant increase in credit risk (stage 2)	647.555	382.453
Non-performing loans (stage 3)	168.011	655.913
<b>Marketable Securities Impairment Expense</b>	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
<b>Impairment Provision for Associates, Subsidiaries and Joint Ventures</b>	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
<b>Miscellaneous Provisions</b>	<b>18.983</b>	<b>17.232</b>
Expected credit losses for 1st and 2nd group non-cash loans	5.608	2.860
Third stage expected loss provision for unindemnified non cash loans	1.246	2.974
Expected credit losses (stage 1) for banks	9.264	11.374
Profit and loss sharing investments' fair value provision.	-	-
Expected credit losses (stage 1) for other financial assets.	2.289	-
Expected credit losses for financial assets measured at amortized cost	576	24
<b>Total</b>	<b>1.239.894</b>	<b>1.114.252</b>

Expected credit losses amount to TL 1.239.894 (March 31, 2022: TL 1.114.252 TL) includes TL 377.882 (March 31, 2022: TL 674.582) representing participation account share of expected credit losses of loans provided from participation accounts.

**Information on Other Provision Expenses**

	<b>Current Period</b>	<b>Prior Period</b>
Vacation pay provision expenses	12.457	6.341
Impairment on financial assets measured at fair value through profit/loss	821	6.312
Provisions for cases on trial	-	7.445
Free provisions allocated for possible losses	85.000	100.000
Provisions allocated from profit shares to be distributed to profit sharing accounts	4.343	442
<b>Total</b>	<b>102.621</b>	<b>120.540</b>

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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	15.600	2.500
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	45.761	35.937
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	23.775	11.563
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	-	139
Other business expenses	178.989	72.766
Leasing Expenses on TFRS 16 Exceptions	12.916	393
Maintenance and repair expenses	13.016	9.470
Advertisement expenses	3.918	1.088
Other expenses <sup>(*)</sup>	149.139	61.815
Loss on sale of assets	567	71
Other <sup>(**)</sup>	171.156	98.615
<b>Total</b>	<b>435.848</b>	<b>221.591</b>

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

	Current Period	Prior Period
Communication Expenses	23.179	14.186
Donations	16.516	3.500
Cleaning expenses	19.179	8.170
Heating, lighting and water expenses	29.125	9.348
Representation and Hosting expenses	4.689	2.426
Vehicle expenses	3.920	2.631
Lawsuit and court expenses	825	2.372
Movables Insurance Expenses	5.127	1.460
Stationery Expenses	2.188	2.016
Expense Share for Common Expenses	2.020	712
Subcontractor security service expenses	20.351	8.436
Cash and banknote group transportation service expenses	12.063	3.764
Other	9.957	2.794
<b>Total</b>	<b>149.139</b>	<b>61.815</b>

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	75.877	42.062
Taxes, Duties, Charges and Funds	55.761	32.690
Expertise and Information Expenses	18.111	6.348
Audit and Consultancy Fees	3.765	8.870
Institution and Union participation share	10.212	4.239
Other	7.430	4.406
<b>Total</b>	<b>171.156</b>	<b>98.615</b>



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

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

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

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

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

As of March 31, 2023, the Bank has deferred tax income amounts to TL 411.804 (March 31, 2022: TL 121.143) and deferred tax expense amounts to TL 383.056 (March 31, 2022: TL 248.170). Current tax provision is TL 90.923 (March 31, 2022: 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 (continued):**

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

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

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

**a. Current period:**

Risk Group of the Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans</b>						
Balance at the beginning of the period	6	1.418	1.518.040	68.658	375	12
Balance at the end of the period	6	1.894	1.523.599	37.113	769	74
<b>Profit share and commission income received</b>	-	5	39.771	328	-	-

**b. Prior period:**

Risk Group of the Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
<b>Loans and other receivables</b>						
Balance at the beginning of period	90	62	1.321.649	70.174	52	-
Balance at end of period	6	1.418	1.518.040	68.658	375	12
<b>Profit share and commission income received</b>	-	1	1.946	112	-	-

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

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

Risk Group of the Bank <sup>(*)</sup>	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	40.176	15.374	704.955	688.843	34.322	28.403
Balance at the end of period	8.418	40.176	664.864	704.955	8.342	34.322
<b>Profit share expense</b>	<b>937</b>	<b>9</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>103</b>

<sup>(\*)</sup> As of March 31, 2023, wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 36.557.830 and EUR 5.600.000 (December 31, 2022: USD 36.288.426 and EUR 3.600.000). The profit share expense relating to such borrowings for the period between January 1, 2023 – March 31, 2023 is TL 5.277 (March 31, 2022: TL 8.462).

USD 155 million of the additional Tier I capital amounting to USD 205 million, which was realized on February 20, 2018, belongs to Albaraka 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):**

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

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

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

As of March 31, 2023, the Bank has paid TL 12.255 (March 31, 2022: TL 3.898) 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:**

None.

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

None.

**ALBARAKA TRK KATILIM BANKASI A..**  
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**SECTION SIX**

**Limited review report**

**I. Explanations on independent auditor’s report:**

The Bank’s unconsolidated financial statements as of and for the period ended March 31, 2023 have been reviewed by “PWC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi” and the reviewed report dated May 4, 2023 is presented at the beginning of the financial statements and related notes.

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

None.

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**SECTION SEVEN**

**Information on Interim Report**

**I. General Information**

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

Albaraka Türk was the first participation bank to be established in Turkey and the only participation bank publicly traded on the Borsa Istanbul. Albaraka Türk was established in 1984 with the synergy between the Al Baraka Group (ABG), one of the most distinguished groups in the Middle East finance sector, the Islamic Development Bank (IDB) and a domestic industrial group which has been operating in the Turkish economy for more than half a century, and started to operate actively from 1985.

Albaraka Türk offers its 2,4 million customers a practical, fast and qualified banking experience with its 223 domestic and two foreign branches throughout Türkiye, as well as its extensive service network consisting of alternative distribution channels.

Backed by the substantial capital structure of its main partner ABG, Albaraka Türk is one of the key solution partners for Turkish industrialists and investors in global markets. With its two branches abroad, in Erbil and Baghdad in Iraq, and its digital bank, Getinsha, operating in Germany, Albaraka Türk is taking firm steps towards becoming a regional financial powerhouse in the Gulf, Middle East and North Africa regions.

Albaraka Türk supports the real economy by fulfilling its mission of financing production and trade in the most effective way in line with the principles of participation banking. The Bank collects funds through special current accounts and participation accounts, and directs funds to the real sector through individual finance, corporate finance, leasing and project-based profit/loss sharing.

A pioneer in the development of the start-up ecosystem in Turkey, Albaraka Türk provides incubation and acceleration opportunities to entrepreneurs with technology-based business ideas and projects with Albaraka Garage, which is a first for participation banks, offering a qualified contribution to the development of the enterprise ecosystem in Turkey.

Insha Ventures, which was founded by the Albaraka Portföy Yönetim A.Ş.'s Innovation Venture Capital Investment Fund in 2020, continues its activities with the aim of developing financial technology (fintech) projects, building and managing them.

Albaraka Türk reinforces its high service standards with its sincerity and friendly service approach. It carries out all its business processes within the scope of the ISO 9001:2015 Quality Certificate. The ISO 22301 Business Continuity Certificate, which Albaraka Türk has held since 2016, upholds the Bank's competencies and standards in the field of uninterrupted operation of business processes.

Albaraka Türk is a pioneering and leading participation bank which has completed important steps in the process of internalizing the concept of sustainability and ESG (environmental, social and governance). The Bank launched the Sustainable Banking Program with the support of its main partner ABG.

Within the scope of the program, Albaraka Türk works with the aim of being a leading financial institution that is sensitive to people and the environment, supports economic and global development while working with all of its stakeholders to build a sustainable world.

Acting with a responsible banking approach, Albaraka Türk is focused on fulfilling its obligations to the environment and society, and diligently applying the principles of sustainability and ESG in its activities.

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

As of March 2023, Albaraka Türk's paid-in capital TL 2.500.000

<b>Bank's Capital Distribution as of March 31, 2023</b>		
<b>Affiliate Structure</b>	<b>Share Amount (TL)</b>	<b>Rate (%)</b>
Albaraka Group*	1.084.167	43,37
Dallah Albaraka Holding	207.585	8,30
Other	157.948	6,31
Public	1.050.300	42,02
<b>Total</b>	<b>2.500.000</b>	<b>100,00</b>

Note: \*4,10% of the publicly traded portion belongs to Albaraka Group BSC. The share of Albaraka Group BSC in the total capital is 45,09%.

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

**3. Changes in the articles of association for the period 1 January 2023 – 31 March 2023:**

Due to the expiry of the registered capital ceiling permission granted by the Capital Markets Board (CMB), the Amendment Text of the Articles of Association was approved by the CMB and submitted to the General Assembly of our Bank on March 27, 2023. The old and new texts of the relevant Articles of Association are given below.

OLD TEXT	NEW TEXT
<p><b>Bank Capital</b>  <b>Article 7:</b></p> <p>(1) The Bank adopted the registered capital system in accordance with the provisions of the Capital Markets 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 registered capital ceiling of the Bank is TL 2.500.000.000, divided into 2.500.000.000 (Two billion five hundred million) registered shares, each with a nominal value of 1 Turkish Lira.</p> <p>(3) The registered capital ceiling permission granted by the Capital Markets Board is valid for the years 2021-2025 (5 years). Even if the registered capital ceiling given at the end of 2025 has not been reached, in order for the Board of Directors to take a capital increase decision after 2025; For the previously authorized ceiling or a new ceiling amount, it is obligatory to obtain authorization from the General Assembly for a new period, not exceeding 5 years, by obtaining permission from the Capital Markets Board.</p> <p>(4) The Bank's issued capital is TL 2.500.000.000 and the said issued capital has been fully paid in cash, free from collusion.</p> <p>(5) It shall be monitored within the framework of dematerialization principles shares representing the capital.</p>	<p><b>Bank Capital</b>  <b>Article 7:</b></p> <p>(1) The Bank adopted the registered capital system in accordance with the provisions of the Capital Markets 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 registered capital ceiling of the Bank is TL 5.000.000.000 and it is divided into 5.000.000.000 (Five billion) registered shares, each with a nominal value of 1 Turkish Lira.</p> <p>(3) The registered capital ceiling permission granted by the Capital Markets Board is valid for the years 2023-2027 (5 years). Even if the registered capital ceiling given at the end of 2027 has not been reached, in order for the Board of Directors to take a capital increase decision after 2027; For the previously authorized ceiling or a new ceiling amount, it is obligatory to obtain authorization from the General Assembly for a new period, not exceeding 5 years, by obtaining permission from the Capital Markets Board.</p> <p>(4) The Bank's issued capital is TL 2.500.000.000, and the said issued capital has been fully paid in cash, free from collusion.</p> <p>(5) It shall be monitored within the framework of dematerialization principles shares representing the capital.</p>

**4. Branch and Personnel Information:**

As of March 31, 2023, the Bank's total number of branches is 225 and the total number of personnel is 2,648. It continues its activities with 223 domestic branches extended throughout the country and 2 branches abroad in Erbil and Baghdad.

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

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

<b>Name and surname</b>	<b>Function</b>	<b>Education Status</b>	<b>Mission Start Date</b>	<b>Banking and/or Business Experience</b>
Houssein BEN HAJ AMOR	Chairman of the Board	Bachelor	2020	18
Dr. Bekir PAKDEMİRLİ	Deputy Chairman of the Board of Directors (Independent Board Member)	Doctorate	2022	26
Mustafa BÜYÜKABACI	Board Member	Master	2017	27
Dr. Mohamed Ali CHATTI	Board Member	Doctorate	2019	13
Azhar Aziz DOGAR	Board Member	Master	2022	29
Akram YASSIN	Independent Board Member	Master	2022	36
Ghassan Ahmed M AMODI	Independent Board Member	Bachelor	2020	29
Dr. Khaled Abdulla M. ATEEQ	Board Member	Doctorate	2023	25
Malek Khodr TEMSAH	Member of the Board of Directors and General Manager	Master	2021	20

<sup>(\*)</sup> Chairman and members of the Board of Directors included in the table was elected for 3 years at the ordinary general assembly meeting of our Bank dated 27.03.2023.

**6. Top Management:**

<b>Name surname</b>	<b>Function</b>	<b>Education status</b>	<b>Mission Start Date</b>	<b>Banking and/or Business Experience</b>
Malek Khodr TEMSAH	Member of the Board of Directors and General Manager	Master	2021	20
Turgut SİMİTCİOĞLU	Senior Assistant General Manager	Master	2017	33
Dr. Ömer EMEÇ	Assistant General Manager	Doctorate	2022	13
Serhan YILDIRIM	Assistant General Manager	Bachelor	2022	13
Dr. M. Faruk TORLAK	Assistant General Manager	Doctorate	2022	16
Serhan AKYILDIZ	Assistant General Manager	Bachelor	2022	20
Mehmet Emin CONKAR	Assistant General Manager	Bachelor	2022	24
Umut ÇAKMAK	Assistant General Manager	Bachelor	2022	17
Muzaffer ÇÖLMEK	Assistant General Manager	Bachelor	2022	16
Yasemin AYDIN	Assistant General Manager	Master	2022	27
Mehmet ULUDAĞ	Assistant General Manager	Master	2022	19

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

<b>Name surname</b>	<b>Professional Experience (Year)</b>	<b>Seniority at Albaraka Türk</b>	<b>Length of Services in His Area</b>	<b>Education status</b>	<b>Field of Responsibility</b>
Ahmet UYSAL	17	17	14	Master	Internal Audit Risk Management
Erdal SEZER	21	21	4 months	Bachelor	
Ahmet Faruk DEĞİRMENÇİ	15	15	6	Bachelor	Internal Control Legislation and Compliance
Ahmet KOÇ	25	25	12	Bachelor	

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

**8. Committee and committee members formed after the distribution of duties among the members of the Board of Directors:**

<b>AUDIT COMMITTEE:</b>	
<b>Chairman:</b>	Mustafa BÜYÜKABACI
<b>Member:</b>	Mohamed Ali CHATTI
<b>CREDIT COMMITTEE:</b>	
<b>Chairman:</b>	Housseem BEN HAJ AMOR
<b>Member:</b>	Bekir PAKDEMİRLİ
<b>Member:</b>	Malek Khodr TEMSAH
<b>Member:</b>	Azhar Aziz DOGAR
<b>Reserve Member:</b>	Mohamed Ali CHATTI
<b>Reserve Member:</b>	Akram YASSIN
<b>CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE:</b>	
<b>Chairman:</b>	Ghassan Ahmed M AMODI
<b>Member:</b>	Akram YASSIN
<b>Member:</b>	Seyfullah DEMİRLEK
<b>REMUNERATION AND NOMINATION COMMITTEE:</b>	
<b>Chairman:</b>	Housseem BEN HAJ AMOR
<b>Member:</b>	Mustafa BÜYÜKABACI
<b>Member:</b>	Mohamed Ali CHATTI
<b>INFORMATION TECHNOLOGIES GOVERNANCE COMMITTEE:</b>	
<b>Chairman:</b>	Khaled Abdulla Mohamed ATEEQ
<b>Member:</b>	Malek Khodr TEMSAH
<b>Member:</b>	Bekir PAKDEMİRLİ
<b>RISK COMMITTEE:</b>	
<b>Chairman:</b>	Housseem BEN HAJ AMOR
<b>Member:</b>	Ghassan Ahmed M AMODI
<b>Member:</b>	Khaled Abdulla Mohamed ATEEQ



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

**II. Financial information and evaluations about the bank:**

**1. Major financial indicators:**

<b>ASSETS</b>	<b>Current period</b>	<b>Previous period</b>
Cash and Balances with Central Bank	21.446.659	24.865.076
Banks	7.886.878	7.339.852
Government Debt Securities	33.170.454	31.799.619
Credits	81.968.158	74.596.011
Financial Leasing Receivables	1.079.531	908.743
Other	6.935.834	6.830.805
<b>TOTAL ASSETS</b>	<b>152.487.514</b>	<b>146.340.106</b>
<b>LIABILITIES</b>	<b>Current period</b>	<b>Previous period</b>
Funds Collected	114.096.950	112.675.797
Funds Borrowed	10.156.493	4.411.980
Subordinated Debt Instruments	6.872.048	4.694.238
Equities	8.476.789	8.118.973
Other	12.885.234	16.439.118
<b>TOTAL OF LIABILITIES</b>	<b>152.487.514</b>	<b>146.340.106</b>
<b>INCOME AND EXPENSE ITEMS</b>	<b>Current period</b>	<b>Previous period</b>
Profit Share Income	3.241.358	1.794.127
Profit Share Expense	1.809.461	983.503
Net Profit Share Income / Expenses	1.431.897	810.624
Net Fee and Commission Income / Expenses	212.699	158.525
Trading Income /Loss (Net)	630.453	678.324
Other Operating Income	757.261	363.799
Net Operating Income / Loss	579.147	321.333
Tax Provisions for Continuing Operations (--)	62.175	127.027
<b>NET PROFIT/LOSS FOR THE PERIOD</b>	<b>516.972</b>	<b>194.306</b>
Earnings/Loss per Share	0,20679	0,14393

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

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

Dear Shareholders,

The global economy continues to recover after the destruction caused by the pandemic and the Russia-Ukraine war. While economic activity revived rapidly with the relaxation of pandemic restrictions in China, it is seen that supply chain disruptions have improved and the effects of the war on food and energy prices have been erased. In the light of these developments, global inflation, which reached historical levels in 2022, left its peak behind and entered a downward trend. Global central banks, which increased interest rates in 2022 to combat inflation, are expected to soften their monetary policies with the cooling of inflation. In the banking sector, after the bankruptcy of two banks in the USA in the first quarter of 2023, there were short-term fluctuations in the markets as a result of the stress affecting many institutions in the financial sector.

The tightening of credit channels due to the tight monetary policy in the USA and the turbulence in the banking sector is expected to slow down the growth. In its latest report, the IMF reduced its global growth forecasts to a limited extent and announced at the level of 2,8% for 2023 and 3% for 2024. Inflation rates of developing country (EM) economies, which outperform developed economies in manufacturing activity, are also at lower levels compared to developed countries. As a matter of fact, while the IMF announced a growth expectation for 2022 as 1,3% for developed countries, it expects developing countries to grow by 3,9%. In addition to the economic activity that has revived with the opening of China in the developing economies, the possibility of tightening the credit channels as a result of the risks in the banking sector in developed markets constitutes a supportive factor for the positive separation of the developing economies.

In 2022, as in the global economy, Türkiye's most important agenda was the rise in inflation. Annual inflation, which peaked at 85.5% in October, decreased to 50,51% in March, aided by strong base effects, the decline in exchange rate fluctuations and the slowdown in global commodity prices. On the growth side, the Turkish economy achieved a growth rate of 5,6% in 2022, outperforming expectations. While growth was led by private consumption expenditures and export items throughout the year, a slowdown in export figures was observed in the last quarter of the year, also due to the falling demand in Europe. In 2023, growth expectations were revised downwards due to the earthquake disaster that occurred in February in Türkiye. While the leading indicators reflect the damage caused by the earthquake in February, it is seen that the disruptions in production have started to be eliminated as of March.

The banking sector, which is one of the most important actor of 2022 growth, continues to support the Turkish economy in the first quarter of 2023. The banking sector improves its asset quality while expanding its balance sheet. Participation banks, on the other hand, leave the sector behind with their growth rate in this period. Participation banks, which showed strong growth performance, managed to increase their sector share in total assets from 7.8% at the end of 2021 to 8.3% at the end of 2022 and to 8.4% as of March 2023.

As Albaraka Türk, we have made moves that will positively affect our profitability by increasing our asset quality in this period. In addition, we quickly adapted our Bank to the new normal and accelerated investments in the field of digitalization. Being aware of and responsible for being Türkiye's first and pioneering Participation Bank, we will diligently continue our sustainability-oriented works that will contribute to the financial ecosystem in our country.

Our bank will continue to be a pioneer in the sector with its employees and stakeholders in the upcoming periods as well.

I would like to take this opportunity to thank my colleagues, customers, shareholders and all other stakeholders for their contributions to our success.

Kind regards,

**Housseem BEN HAJ AMOR**

**Chairman of the Board of Directors**

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

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

Dear Shareholders,

After global inflation reached historical levels in 2022, it is declining with the cooling in food and energy prices. On the other hand, the absence of a significant softening in core inflation shows that the rigidity in inflation continues. In addition to the core inflation, which did not go into a downward trend, oil prices, which were premium after the cuts decision of OPEC+ members, kept the inflation risks alive and put pressure on the expected relaxation period in monetary policies. While the continued strong stance of employment markets in developed countries keeps demand alive, tight monetary policies in the USA and EU and stresses in the banking sector put downward pressure on growth figures. In Türkiye, the recovery process after the earthquake and the macroeconomic policies to be followed during and after the election process are expected to be effective in 2023 growth. The growth trend in the banking sector, which is the biggest stakeholder of the economy, continues in the first quarter of 2023, as it was in 2022. In February 2023, total assets in the sector increased by 58.5% year on year and exceeded TL 15 trillion, while the net profit in the two months of the year reached TL 65 billion. Positive developments were also experienced in the asset quality of the banking sector in 2022, the NPL ratio, which was 3.13% at the beginning of the year, decreased to 2.1% in December and to 1.75% in March 2023. Participation banks, on the other hand, outperform conventional banks. Participation banks not only left the banking sector behind in their asset and net profit growth performance, but also stood out with their improvement in asset quality. The NPL ratio, which was 3.02% at the end of 2021, decreased to 1.43% at the end of 2022 and to 1.17% as of March. Participation banks, which managed to keep the NPL ratio at a lower level than the sector, continued to strengthen their asset quality with a more cautious approach than the sector in their ratios. As of the second half of 2023, we expect the banking sector to complete the year 2023 with a moderate loan growth, with the loan growth slowing down a bit.

As Albaraka Türk, we continue to meet the funding needs of our customers by continuing our support to the real sector, and to support our customers, employees and all stakeholders in the post-pandemic recovery process and in the high inflationary environment that affects the whole world. According to our quarterly financial results, our Bank's total assets increased by 4,1% compared to the end of 2022 and reached TL 152,4 billion. In the same period, our total loan portfolio increased by 9,5% to TL 79,5 billion. Funds collected through participation accounts and special current accounts exceeded TL 114 billion. As of March 2023, our Bank's net profit has exceeded 500 million TL with an increase of 166% compared to the same period of the previous year.

On the other hand, we strengthened our capital outlook by increasing our bank's paid-in capital from TL 1,35 billion to TL 2,5 billion in 2022. We used our success in capital increase and operational profitability to strengthen our balance sheet and loan portfolio. Accordingly, we reduced our NPL ratio from 6,3% in 2021 to 1,46% as of March 2023, strengthening our asset quality and increasing the specific provision ratio from 70,3% to 88,6% in the same period. While we managed to increase the TL ratio in our balance sheet significantly during this period, we managed to increase our TL ratio in cash loans from 40% at the end of 2021 to 58% at the end of 2022 and to 66% as of March 2023. We increased the TL weight in the funds collected from 22% in December 2021 to 52% in March 2023. In addition to all these, the total amount of free reserves that we have prudently allocated reached TL 1,9 billion by the end of the 1st quarter of 2023.

On the other hand, we continue to work without slowing down in order to provide the fastest, practical and advantageous services to the rapidly changing customer needs with the digitalization trends. We offer our potential customers a service model where they can join us without visiting the branch, thanks to the video call service. Along with the developments in the business areas of banks such as Application Programming Interface (API), service model banking, we are working to expand our financial services network by using these technologies. With Albaraka Garaj, we continue to support our initiatives that bring new paths to the sector every day, and we offer products that enable innovative financial services to our customers with Alneo, Posbasit, Semosis and many more products within our subsidiary Insha Ventures. We continue our efforts to introduce new products and services to our customers every day in our digital transformation journey, which we started with the slogan "Digital Bank of Your Values".

As Albaraka Türk, we will continue our digitalization-oriented journey without slowing down, while continuing to support the real sector in 2023. As Albaraka Türk, we will try to increase our sustainability activities, which we attach importance to and carry out meticulously. We will continue to work without slowing down in line with our goal of providing the highest quality banking service to our customers. I would like to take this opportunity to express my sincere thanks to all my colleagues and stakeholders for their contributions in our efforts, which were rewarded with the trust and support of our customers, and wish you all health for the future.

Kind regards,

**Malek Khodr TEMSAH**

**General Manager and Board Member**

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

**4. Activities in the First Quarter of 2023:**

- In the first three months of 2023, our Total Assets amounted to TL 152.487.514.
- In the first quarter of 2023, the funds collected by our Bank through "Special Current Accounts" and "Profit and Loss Participation Accounts" amounted to TL 114.096.950. As of the first quarter, participation accounts are realized as TL 63.795.562 and current accounts are TL 50.301.388.
- Fund Collection Activities of Our Bank; It is carried out through our bank's branches throughout the country and correspondent banks abroad.

TL and USD Equivalent	Current period		Previous period		Change (%)	
	TL Equivalent	USD Equivalent	TL Equivalent	USD Equivalent	TL	USD
<b>TL Funds</b>	<b>59.941.945</b>	<b>3.129.801</b>	<b>51.544.182</b>	<b>2.768.216</b>	<b>16,29</b>	<b>13,06</b>
Current accounts	12.914.742	674.329	12.653.517	679.566	2,06	(0,77)
Participation Accounts	47.027.203	2.455.472	38.890.665	2.088.650	20,92	17,56
<b>FC Funds</b>	<b>54.155.005</b>	<b>2.827.642</b>	<b>61.131.615</b>	<b>3.283.116</b>	<b>(11,41)</b>	<b>(13,87)</b>
Current accounts	37.386.646	1.952.101	39.557.087	2.124.441	(5,49)	(8,11)
Participation Accounts	16.768.359	875.541	21.574.528	1.158.675	(22,28)	(24,44)
<b>TOTAL</b>	<b>114.096.950</b>	<b>5.957.443</b>	<b>112.675.797</b>	<b>6.051.332</b>	<b>1,26</b>	<b>(1,55)</b>

TL and USD Equivalent	Current period		Previous period		Change (%)	
	TL Equivalent	US Dollar Equivalent	TL Equivalent	USD Equivalent	TL	USD
Credits (*)	81.833.360	4.272.836	74.036.777	3.976.196	10,53	7,46
Non-performing Loans	1.214.329	63.405	1.467.977	78.839	(17,28)	(19,58)
Provisions	(3.519.616)	(183.773)	(2.879.731)	(154.658)	22,22	18,83
<b>TOTAL</b>	<b>79.528.073</b>	<b>4.152.468</b>	<b>72.625.023</b>	<b>3.900.377</b>	<b>9,51</b>	<b>6,46</b>

(\*) Including financial leasing.

The rates in the preparation of the tables are as follows:

Balance Sheet Period	USD/TL
As of 31 March 2023	19,152
As of 31 December 2022	18,620

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

- Our Operating Income increased by 151% compared to the same period of the previous year and reached 3.032.390 TL.
- Our Net Profit share income was TL 1.431.897, while our Net Fee Commission income increased to TL 212.699.
- Our net profit in the first three months of the year was 516.972 TL.
- As of March 31, 2023, our capital adequacy ratio was 14,54%, above the legal obligation level.

**ALBARAKA TRK KATILIM BANKASI A..**  
**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF MARCH 31, 2023**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

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

**6. Explanations on Important Developments for the Period of 1 January 2023 - 31 March 2023:**

- At the Ordinary General Assembly of our Bank dated 27.03.2023, the articles of association were amended.
- At the General Assembly Meeting held on 27.03.2023, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.. has been selected as an Independent Audit Firm/Auditor.
- As of 13.03.2023, within the scope of the Capital Markets Board's credit rating legislation, our Bank and Fitch Ratings Ltd. (Fitch Ratings) has signed a contract.
- The Corporate Governance Principles Compliance Rating agreement between our Bank and DRC Derecelendirme Hizmetleri A.. (DRC RATING) was renewed on 01.03.2023 for a period of 1 year.
- In our material event statement dated 28.02.2023; Our bank has completed the issuance of Sukuk (Tier2) in the form of Contribution Capital, amounting to USD 100 Million, in international markets through the special purpose company, Albaraka CT One Limited, residing abroad. The total maturity of the issue is 10 years and there is a recall option at the end of 5 years.
- In our material event statement dated 23.02.2023; it has been decided that our bank will become a partner in Katılım Finans Kefalet A., pay TL 90.000 Turkish Liras (corresponding to 15% of shares) as establishment and working capital, and based on the notification that six participation banks will pay equally for the 6% share to be formed on behalf of the Participation Banks Association of Turkey (TKBB), our Bank will pay an additional 1% capital.
- In our material disclosure dated 17.02.2023; Pursuant to the Procedures and Principles Regarding the Appointment of a Consumer Relations Coordination Officer by Banks; It has been decided to appoint our Bank's Assistant General Manager Ömer Emeç who is responsible for Strategy and Transformation as Albaraka Türk Consumer Relations Coordination Officer, provided that a positive response is received or no negative opinion is given to the preliminary permit application to be made to the Banking Regulation and Supervision Agency within the relevant period.
- In our material event statement dated 16.02.2023; the registered capital ceiling of our bank has been determined as TL 5.000.000 to be valid between 2023 and 2027 (5 years), and permission has been obtained from the Ministry of Commerce in this context.

Matters that occurred during the period of **1 January 2023 - 31 March 2023** were announced to the public and uploaded to the **Public Disclosure Platform as a notification**. All of these announcements are shared in the Investor Relations tab of the Albaraka Türk website.

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

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

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

- Our Bank's Ordinary General Assembly Meeting was held on March 27, 2023, with the following agenda, as announced to our shareholders in the Public Disclosure Platform statement dated February 24, 2023:

AGENDA:

1. Inauguration and formation of the Presiding Council.
2. Authorizing the Presiding Council to sign the minutes of the General Assembly meeting.
3. Reading and discussing the Annual Report of the Board of Directors (BoD) on the fiscal year 2022.
4. Reading and discussing the Auditor's reports.
5. Reading, discussing and approving the Financial Statements.
6. Acquittal the Members of the BoD.
7. Submitting the BoD members, who have been elected by the BoD to the vacant membership positions to complete the remaining term of their predecessors, to the approval of the General Assembly.
8. Determination of the number of members of the BoD, election of the members of the BoD due to the expiry of the term of office of the current members of the BoD and determination of their terms of office.
9. Deciding on utilization and distribution of profit and dividend sharing through discussing the BoD's proposal on the utilization and distribution of the annual profit and dividends.
10. Approval of transferring the revaluation value increase amount calculated within the framework of the Tax Procedure Law Duplicate Article 298/D and Temporary Article 32 from the Profit Reserves (Extraordinary Reserves) account to the Special Fund account.
11. Determination of the payments to be made to the Members of the BoD.
12. Election of the Auditor.
13. In accordance with the Communiqué on Compliance with Principles and Standards of Participation Banking, due to the expiry of the term of office of the current Participation Banking Consultancy Committee members, submitting the Participation Banking Consultancy Committee new members appointed by the BoD for the approval of the General Assembly.
14. Discussing and deciding on the proposal of the BoD regarding the amendment of Article 7 of the Bank's Articles of Association, titled "Bank Capital"
15. Presenting information to the General Assembly about operations effected in scope of the buy-back Program for our Bank's own shares in 2022 and approval of the buyback program prepared by the BoD regarding the authorization of the BoD for our Bank to accept its own shares as acquisition and/or pledge.
16. Authorizing the BoD to be able to distribute profit to participation fund owners in loss occurring periods, in line with Article 6/10 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".
17. Approval of reflecting those provisions set aside by our Bank for the participation accounts, on expense accounts in line with Article 19/2 of the "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside".
18. Permitting Members of the BoD with respect to articles 395 and 396 of Turkish Commercial Code
19. Presenting information to the shareholders pursuant to Principle no. 1.3.6. of the Capital Markets Board's Corporate Governance Communiqué.
20. Presenting information to the General Assembly about donations made by our Bank in 2022,
21. Remarks and requests.