

# **Albaraka Türk Katılım Bankası Anonim Şirketi**

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

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



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Güney Bağımsız Denetim ve SMMM A. Ş.  
Maslak Mah. Eski Büyükdere Cad.  
Orjin Maslak İş Merkezi No: 27 K: 2-3-4  
34485 Sarıyer/İstanbul TÜRKİYE

Tel: +90 212 315 3000  
Fax: +90 212 230 8291  
ey.com  
Ticaret Sicil No : 479920  
Mersis No: 0-4350-3032-6000017

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

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Unconsolidated Financial Statements**

#### **Qualified Opinion**

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

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

#### **Basis for Qualified Opinion**

As explained in Section Five Part II.5 b, the accompanying unconsolidated financial statements as at December 31, 2021 include a free provision at an amount of TL 100.000 thousands which was provided in the current period by the Bank management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

#### **Key Audit Matters**

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



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



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## **Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

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

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

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

## **Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

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

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

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

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



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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

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

#### **Additional paragraph for convenience translation to English**

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

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



Emre Celik, SMMA  
Partner

February 25, 2022  
İstanbul, Türkiye



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

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

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

- GENERAL INFORMATION ABOUT THE 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
- INDEPENDENT AUDITOR'S REPORT

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

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**Mazin Khairy Shaker MANNA**

Chairman of the Board of  
Directors

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**Malek Khodr TEMSAH**

Deputy General  
Manager

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**Mustafa ÇETİN**

Assistant General  
Manager

---

**Kemaleddin  
DİLBAZ**

Financial Reporting  
Manager

---

**Mustafa BÜYÜKABACI**

Chairman of the Audit  
Committee

---

**Mehmet Ali GÖKCE**

Member of the Audit  
Committee

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**Housseem BEN HAJ AMOR**

Member of the Audit  
Committee

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

Name-Surname/Title : Bora ŞİMŞEK/Financial Reporting/Vice Manager  
Telephone : 00 90 216 666 05 59  
Facsimile : 00 90 216 666 16 11

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

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

**SECTION ONE**

**GENERAL INFORMATION**

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

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

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

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

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

**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 December 31, 2021, 36,29% (December 31, 2020: 36,29%) of the Bank's shares are owned by Albaraka Banking Group, 15,38% (December 31, 2020: 15,38%) owned by Dallah Albaraka Group, 7,84% (December 31, 2020: 7,84%) owned by Islamic Development Bank, 36,93% (December 31, 2020: 36,81%) of the shares are publicly traded and quoted at Borsa İstanbul. Rest belongs to different real persons and corporate entities.

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

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

Title	Name and Surname	Administrative Function and Responsibility	Educational Degree	Ownership Percentage (%)
<b>Chairman of the Board of Directors (BOD):</b>	Mazin Khairy Shaker MANNA	Chairman of BOD	Bachelor	-
<b>Members of BOD:</b>	Prof. Dr. Kemal VAROL	Member of BOD	Doctorate	-
	Mustafa BÜYÜKABACI	Member of BOD	Master	-
	Dr. Mohamed Ali CHATTI	Independent Member of BOD	Doctorate	-
	Mehmet Ali GÖKCE	Independent Member of BOD	Master	-
	Housseem BEN HAJ AMOR	Member of BOD	Bachelor	-
	Melikşah UTKU	Member of BOD	Master	-
	Ghassan Ahmed M. AMODİ	Independent Member of BOD	Bachelor	-
	Tawfig Shaker M. MUFTI	Member of BOD	Bachelor	-
	Azhar Aziz DOGAR <sup>(*)</sup>	Yönetim Kurulu Üyesi	Yüksek Lisans	-
<b>Deputy General Manager:</b>	Malek Khodr TEMSAH <sup>(**)</sup>	Member of BOD/ Deputy General Manager	Master	-
<b>Assistant General Managers:</b>	Turgut SİMİTÇİOĞLU	Chief Assistant General Manager Responsible for Credit Risks	Master	-
	Fatih BOZ	Assistant General Manager Responsible for Credits	Master	-
	Mehmet Fatih YORULMAZ	Assistant General Manager Responsible for Marketing	Master	-
	Hasan ALTUNDAĞ	Assistant General Manager Responsible for Sales	Bachelor	-
	Malek Khodr TEMSAH	Assistant General Manager Responsible for Treasury and Financial Institutions	Master	-
	Mustafa ÇETİN	Assistant General Manager Responsible for Finance	Bachelor	-
	Volkan EVCİL	Assistant General Manager Responsible for Central Operations	Bachelor	-
	Süleyman ÇELİK	Assistant General Manager Responsible for Human Values and Administrative Affairs	Bachelor	-
<b>Chief Legal Consultancy</b>	Hasan AVŞAR	Chief Legal Consultant	Bachelor	-
<b>Audit Committee:</b>	Mustafa BÜYÜKABACI	Chairman of Audit Committee	Master	-
	Mehmet Ali GÖKCE	Member of Audit Committee	Master	-
	Housseem BEN HAJ AMOR	Member of Audit Committee	Bachelor	-

<sup>(\*)</sup> Appointed as member of Board of Directors by Board of Directors on January 18,2022.

<sup>(\*\*)</sup> In addition to his present tasks, appointed as Deputy General Manager to use all tasks, authorities and responsibilities of Melikşah Utku (ex general manager) who has left his position due to retirement on October 13,2021.

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

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

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

<sup>(\*)</sup> Shares purchased from Stock Exchange is not included.

**ALBARAKA TÜRK KATILIM BANKASI A.Ş.**  
**NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2021**  
*(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, Unico Sigorta, Neova Sigorta, Coface Sigorta, HDI Sigorta, as a private pension insurance agency on behalf of Anadolu Hayat Emeklilik, Avivasa Emeklilik Hayat and Katılım Emeklilik ve Hayat, and as a brokerage agency on behalf of Bizim Menkul Değerler A.Ş. and Oyak Yatırım Menkul Değerler A.Ş. through its branches, engages in purchase and sale of precious metals, provides intermediary services in quick money transfers, credit card and member business (P.O.S.) services. Moreover, the Bank is involved in providing non-cash loans that mainly comprise letters of guarantee, letters of credit and acceptances.

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

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

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

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

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

## **SECTION TWO**

### **The unconsolidated financial statements**

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

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

ASSETS	Notes (Section Five-I)	Audited CURRENT PERIOD December 31, 2021			Audited PRIOR PERIOD December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>5.231.761</b>	<b>35.729.094</b>	<b>40.960.855</b>	<b>5.126.972</b>	<b>18.067.080</b>	<b>23.194.052</b>
<b>1.1 Cash and Cash Equivalents</b>	<b>(1)</b>	<b>3.268.762</b>	<b>28.468.734</b>	<b>31.737.496</b>	<b>2.115.516</b>	<b>14.497.412</b>	<b>16.612.928</b>
1.1.1 Cash and Balances with Central Bank		1.820.832	24.677.779	26.498.611	1.371.053	11.863.955	13.235.008
1.1.2 Banks		1.494.422	3.802.000	5.296.422	779.426	2.633.920	3.413.346
1.1.3 Money Market Placements		-	-	-	-	-	-
1.1.4. Expected Credit Losses (-)		46.492	11.045	57.537	34.963	463	35.426
<b>1.2 Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>	<b>(2)</b>	<b>1.492.874</b>	<b>6.889.642</b>	<b>8.382.516</b>	<b>2.149.588</b>	<b>3.254.404</b>	<b>5.403.992</b>
1.2.1 Government Securities		707.698	6.850.649	7.558.347	536.142	3.232.685	3.768.827
1.2.2 Equity Securities		-	19.198	19.198	-	10.774	10.774
1.2.3 Other Financial Assets		785.176	19.795	804.971	1.613.446	10.945	1.624.391
<b>1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>	<b>(3)</b>	<b>381.640</b>	<b>370.718</b>	<b>752.358</b>	<b>848.184</b>	<b>315.264</b>	<b>1.163.448</b>
1.3.1 Government Securities		373.973	353.699	727.672	745.044	306.067	1.051.111
1.3.2 Equity Securities		7.667	17.019	24.686	7.667	9.197	16.864
1.3.3 Other Financial Assets		-	-	-	95.473	-	95.473
<b>1.4 Derivative Financial Assets</b>	<b>(5)</b>	<b>88.485</b>	<b>-</b>	<b>88.485</b>	<b>13.684</b>	<b>-</b>	<b>13.684</b>
1.4.1 Derivative Financial Assets Measured at Fair Value through Profit/Loss		88.485	-	88.485	13.684	-	13.684
1.4.2 Derivative Financial Assets Measured at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)</b>		<b>24.807.293</b>	<b>40.232.465</b>	<b>65.039.758</b>	<b>23.290.703</b>	<b>20.517.445</b>	<b>43.808.148</b>
<b>2.1 Loans</b>	<b>(6)</b>	<b>25.484.848</b>	<b>33.819.930</b>	<b>59.304.778</b>	<b>23.254.475</b>	<b>18.801.331</b>	<b>42.055.806</b>
<b>2.2 Lease Receivables</b>	<b>(7)</b>	<b>379.930</b>	<b>440.744</b>	<b>820.674</b>	<b>291.476</b>	<b>68.673</b>	<b>360.149</b>
<b>2.3 Financial Assets Measured at Amortised Cost</b>	<b>(4)</b>	<b>697.735</b>	<b>7.405.476</b>	<b>8.103.211</b>	<b>832.051</b>	<b>2.392.749</b>	<b>3.224.800</b>
2.3.1 Government Securities		697.735	7.405.476	8.103.211	832.051	2.392.749	3.224.800
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Credit Losses (-)</b>	<b>(6)</b>	<b>1.755.220</b>	<b>1.433.685</b>	<b>3.188.905</b>	<b>1.087.299</b>	<b>745.308</b>	<b>1.832.607</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(8)</b>	<b>118.874</b>	<b>104</b>	<b>118.978</b>	<b>130.757</b>	<b>293</b>	<b>131.050</b>
3.1 Asset Held for Resale		118.874	104	118.978	130.757	293	131.050
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. OWNERSHIP INVESTMENTS (Net)</b>	<b>(9)</b>	<b>25.100</b>	<b>18.311</b>	<b>43.411</b>	<b>25.100</b>	<b>18.311</b>	<b>43.411</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>18.311</b>	<b>23.411</b>	<b>5.100</b>	<b>18.311</b>	<b>23.411</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		5.100	18.311	23.411	5.100	18.311	23.411
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>1.484.134</b>	<b>24.834</b>	<b>1.508.968</b>	<b>1.371.033</b>	<b>17.226</b>	<b>1.388.259</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	<b>(11)</b>	<b>83.000</b>	<b>-</b>	<b>83.000</b>	<b>40.533</b>	<b>-</b>	<b>40.533</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		83.000	-	83.000	40.533	-	40.533
<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>2.483</b>	<b>-</b>	<b>2.483</b>	<b>3.672</b>	<b>-</b>	<b>3.672</b>
<b>IX. DEFERRED TAX ASSET</b>	<b>(13)</b>	<b>489.049</b>	<b>-</b>	<b>489.049</b>	<b>191.314</b>	<b>-</b>	<b>191.314</b>
<b>X. OTHER ASSETS</b>	<b>(14)</b>	<b>568.849</b>	<b>139.772</b>	<b>708.621</b>	<b>488.305</b>	<b>27.055</b>	<b>515.360</b>
<b>TOTAL ASSETS</b>		<b>32.810.543</b>	<b>76.144.580</b>	<b>108.955.123</b>	<b>30.668.389</b>	<b>38.647.410</b>	<b>69.315.799</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 DECEMBER 31, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

LIABILITIES	Notes (Section Five-II)	Audited CURRENT PERIOD December 31, 2021			Audited PRIOR PERIOD December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	<b>(1)</b>	<b>20.200.193</b>	<b>71.036.456</b>	<b>91.236.649</b>	<b>15.465.033</b>	<b>36.148.091</b>	<b>51.613.124</b>
<b>II. FUNDS BORROWED</b>	<b>(2)</b>	<b>4.168.387</b>	<b>2.090.828</b>	<b>6.259.215</b>	<b>4.314.758</b>	<b>2.987.107</b>	<b>7.301.865</b>
<b>III. BORROWINGS FROM MONEY MARKETS</b>		<b>1.327</b>	<b>-</b>	<b>1.327</b>	<b>1.246.687</b>	<b>1.029.766</b>	<b>2.276.453</b>
<b>IV. SECURITIES ISSUED (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	<b>(3)</b>	<b>180.485</b>	<b>6.769</b>	<b>187.254</b>	<b>142.596</b>	<b>-</b>	<b>142.596</b>
6.1 Derivative Financial Liabilities at Fair Value through Profit or Loss		180.485	6.769	187.254	142.596	-	142.596
6.2 Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES</b>	<b>(4)</b>	<b>327.840</b>	<b>21.774</b>	<b>349.614</b>	<b>314.684</b>	<b>13.711</b>	<b>328.395</b>
<b>VIII. PROVISIONS</b>	<b>(5)</b>	<b>308.018</b>	<b>4.060</b>	<b>312.078</b>	<b>198.842</b>	<b>2.401</b>	<b>201.243</b>
8.1 Restructuring Reserves		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		148.046	-	148.046	144.641	-	144.641
8.3 Insurance Technical Reserves (Net)		-	-	-	-	-	-
8.4 Other Provisions		159.972	4.060	164.032	54.201	2.401	56.602
<b>IX. CURRENT TAX LIABILITY</b>	<b>(6)</b>	<b>97.393</b>	<b>19.825</b>	<b>117.218</b>	<b>71.950</b>	<b>11.018</b>	<b>82.968</b>
<b>X. DEFERRED TAX LIABILITY</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XI. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	<b>(7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
11.1 Assets Held for Sale		-	-	-	-	-	-
11.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED LOANS</b>	<b>(8)</b>	<b>-</b>	<b>3.119.354</b>	<b>3.119.354</b>	<b>-</b>	<b>1.732.562</b>	<b>1.732.562</b>
12.1 Loans		-	3.119.354	3.119.354	-	1.732.562	1.732.562
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	<b>(9)</b>	<b>2.093.568</b>	<b>651.993</b>	<b>2.745.561</b>	<b>1.404.812</b>	<b>187.554</b>	<b>1.592.366</b>
<b>XIV. SHAREHOLDERS' EQUITY</b>	<b>(10)</b>	<b>4.620.093</b>	<b>6.760</b>	<b>4.626.853</b>	<b>4.038.919</b>	<b>5.308</b>	<b>4.044.227</b>
14.1 Paid-In Capital		1.350.000	-	1.350.000	1.350.000	-	1.350.000
14.2 Capital Reserves		1.208.524	-	1.208.524	960.566	-	960.566
14.2.1 Share Premium		14.855	-	14.855	14.855	-	14.855
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserves		1.193.669	-	1.193.669	945.711	-	945.711
14.3 Accumulated Other Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		388.024	-	388.024	254.045	-	254.045
14.4 Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		309.350	6.760	316.110	90.833	5.308	96.141
14.5 Profit Reserves		1.743.696	-	1.743.696	1.492.590	-	1.492.590
14.5.1 Legal Reserves		143.156	-	143.156	130.419	-	130.419
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.600.540	-	1.600.540	1.362.171	-	1.362.171
14.5.4 Other Profit Reserves		-	-	-	-	-	-
14.6 Profit or Loss		(379.501)	-	(379.501)	(109.115)	-	(109.115)
14.6.1 Prior Years Profit/(Loss)		(483.904)	-	(483.904)	(363.852)	-	(363.852)
14.6.2 Current Year Profit/(Loss)		104.403	-	104.403	254.737	-	254.737
<b>TOTAL LIABILITIES</b>		<b>31.997.304</b>	<b>76.957.819</b>	<b>108.955.123</b>	<b>27.198.281</b>	<b>42.117.518</b>	<b>69.315.799</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 DECEMBER 31, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF OFF-BALANCE SHEET	Notes (Section Five-III)	Audited			Audited		
		CURRENT PERIOD December 31, 2021			PRIOR PERIOD December 31, 2020		
		TL	FC	Total	TL	FC	Total
<b>A. OFF BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>11.428.440</b>	<b>16.308.916</b>	<b>27.737.356</b>	<b>11.377.799</b>	<b>9.281.131</b>	<b>20.658.930</b>
<b>I. GUARANTEES AND SURETIES</b>	(1)	<b>7.080.257</b>	<b>10.323.043</b>	<b>17.403.300</b>	<b>5.710.137</b>	<b>5.411.694</b>	<b>11.121.831</b>
1.1. Letters of Guarantees		7.048.318	5.322.918	12.371.236	5.647.191	3.555.738	9.202.929
1.1.1. Guarantees Subject to State Tender Law		1.098.043	134.460	1.232.503	876.326	77.888	954.214
1.1.2. Guarantees Given for Foreign Trade Operations		15	1.905.653	1.905.668	15	1.043.724	1.043.739
1.1.3. Other Letters of Guarantee		5.950.260	3.282.805	9.233.065	4.770.850	2.434.126	7.204.976
1.2. Bank Loans		-	99.278	99.278	-	49.363	49.363
1.2.1. Import Letter of Acceptances		-	99.278	99.278	-	49.363	49.363
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letter of Credits		12.324	4.886.075	4.898.399	39.522	1.731.270	1.770.792
1.3.1. Documentary Letter of Credits		-	-	-	-	-	-
1.3.2. Other Letter of Credits		12.324	4.886.075	4.898.399	39.522	1.731.270	1.770.792
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		-	14.772	14.772	-	75.323	75.323
1.7. Other Collaterals		19.615	-	19.615	23.424	-	23.424
<b>II. COMMITMENTS</b>	(1)	<b>2.929.406</b>	<b>606.006</b>	<b>3.535.412</b>	<b>2.395.012</b>	<b>850.025</b>	<b>3.245.037</b>
2.1. Irrevocable Commitments		2.889.906	606.006	3.495.912	2.391.012	850.025	3.241.037
2.1.1. Asset Purchase and Sale Commitments		321.618	606.006	927.624	359.047	850.025	1.209.072
2.1.2. Share Capital Commitment to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3. Loan Granting Commitments		655.296	-	655.296	429.887	-	429.887
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6. Payment Commitment for Cheques		834.732	-	834.732	667.621	-	667.621
2.1.7. Tax And Fund Liabilities from Export Commitments		17.234	-	17.234	13.538	-	13.538
2.1.8. Commitments for Credit Card Expenditure Limits		1.059.919	-	1.059.919	919.974	-	919.974
2.1.9. Commitments for Promotions Related with Credit Cards and Banking Activities		555	-	555	398	-	398
2.1.10. Receivables From Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		552	-	552	547	-	547
2.2. Revocable Commitments		39.500	-	39.500	4.000	-	4.000
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		39.500	-	39.500	4.000	-	4.000
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(2)	<b>1.418.777</b>	<b>5.379.867</b>	<b>6.798.644</b>	<b>3.272.650</b>	<b>3.019.412</b>	<b>6.292.062</b>
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Fair Value Hedge		-	-	-	-	-	-
3.1.2. Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held for Trading Transactions		1.418.777	5.379.867	6.798.644	3.272.650	3.019.412	6.292.062
3.2.1. Forward Foreign Currency Buy/Sell Transactions		461.810	489.238	951.048	128.188	114.937	243.125
3.2.1.1. Forward Foreign Currency Transactions-Buy		239.837	242.194	482.031	83.763	39.298	123.061
3.2.1.2. Forward Foreign Currency Transactions-Sell		221.973	247.044	469.017	44.425	75.639	120.064
3.2.2. Other Forward Buy/Sell Transactions		956.967	4.890.629	5.847.596	3.144.462	2.904.475	6.048.937
3.3. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>104.483.970</b>	<b>48.433.026</b>	<b>152.916.996</b>	<b>87.262.122</b>	<b>24.652.412</b>	<b>111.914.534</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5.856.026</b>	<b>12.698.331</b>	<b>18.554.357</b>	<b>5.519.997</b>	<b>8.677.435</b>	<b>14.197.432</b>
4.1. Assets Under Management		2.448.761	-	2.448.761	2.911.168	-	2.911.168
4.2. Investment Securities Held in Custody		17.473	548.751	566.224	137.652	344.021	481.673
4.3. Cheques Received for Collection		2.325.217	700.121	3.025.338	1.696.146	275.497	1.971.643
4.4. Commercial Notes Received for Collection		811.654	164.241	975.895	526.549	83.168	609.717
4.5. Other Assets Received for Collection		103	-	103	103	-	103
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		219.693	1.043.531	1.263.224	215.254	1.519.560	1.734.814
4.8. Custodians		33.125	10.241.687	10.274.812	33.125	6.455.189	6.488.314
<b>V. PLEDGED ITEMS</b>		<b>98.627.944</b>	<b>35.734.695</b>	<b>134.362.639</b>	<b>81.742.125</b>	<b>15.974.977</b>	<b>97.717.102</b>
5.1. Marketable Securities		10.587.982	8.001.966	18.589.948	11.668.013	4.659.421	16.327.434
5.2. Guarantee Notes		2.043.190	506.747	2.549.937	1.438.998	219.572	1.658.570
5.3. Commodity		11.752.302	3.695.799	15.448.101	6.545.244	1.758.326	8.303.570
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		67.505.021	18.800.660	86.305.681	56.903.781	6.988.385	63.892.166
5.6. Other Pledged Items		6.458.745	4.715.730	11.174.475	4.924.606	2.341.372	7.265.978
5.7. Pledged Items-Depository		280.704	13.793	294.497	261.483	7.901	269.384
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>115.912.410</b>	<b>64.741.942</b>	<b>180.654.352</b>	<b>98.639.921</b>	<b>33.933.543</b>	<b>132.573.464</b>

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



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

STATEMENT OF PROFIT OR LOSS		Notes (Section Five-IV)	Audited	Audited
			CURRENT PERIOD January 1- December 31, 2021	PRIOR PERIOD January 1- December 31, 2020
<b>I. PROFIT SHARE INCOME</b>		<b>(1)</b>	<b>5.023.098</b>	<b>3.584.628</b>
1.1 Profit Share on Loans			4.175.857	3.065.363
1.2 Income Received from Reserve Deposits			134.657	14.777
1.3 Income Received from Banks			373	631
1.4 Income Received from Money Market Placements			-	-
1.5 Income Received from Marketable Securities Portfolio			672.506	472.920
1.5.1 Financial Assets at Fair Value Through Profit and Loss			235.667	102.460
1.5.2 Financial Assets at Fair Value through Other Comprehensive Income			134.329	173.500
1.5.3 Financial Assets Measured at Amortised Cost			302.510	196.960
1.6 Finance Lease Income			38.313	28.550
1.7 Other Profit Share Income			1.392	2.387
<b>II. PROFIT SHARE EXPENSE</b>		<b>(2)</b>	<b>3.329.736</b>	<b>1.879.008</b>
2.1 Expense on Profit Sharing Accounts			1.894.877	1.118.540
2.2 Profit Share Expense on Funds Borrowed			1.260.844	576.369
2.3 Profit Share Expense on Money Market Borrowings			80.024	79.520
2.4 Profit Share Expense on Securities Issued			-	-
2.5 Finance Lease Expense			51.346	56.986
2.6 Other Profit Share Expense			42.645	47.593
<b>III. NET PROFIT SHARE INCOME (I – II)</b>			<b>1.693.362</b>	<b>1.705.620</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>			<b>405.756</b>	<b>233.567</b>
4.1 Fees and Commissions Received			582.163	394.977
4.1.1 Non-Cash Loans			165.689	128.295
4.1.2 Other		<b>(3)</b>	416.474	266.682
4.2 Fees and Commissions Paid (-)			176.407	161.410
4.2.1 Non-Cash Loans			490	296
4.2.2 Other		<b>(3)</b>	175.917	161.114
<b>V. DIVIDEND INCOME</b>		<b>(4)</b>	<b>768</b>	<b>-</b>
<b>VI. TRADING INCOME/LOSS(net)</b>		<b>(5)</b>	<b>136.227</b>	<b>266.884</b>
6.1 Capital Market Transaction Income/(Loss)			(72.934)	74.905
6.2 Profit/(Loss) from Derivative Financial Instruments			(229.474)	(142.128)
6.3 Foreign Exchange Income/(Loss)			438.635	334.107
<b>VII. OTHER OPERATING INCOME</b>		<b>(6)</b>	<b>1.142.931</b>	<b>562.059</b>
<b>VIII. TOTAL OPERATING INCOME (III+IV+V+VI+VII)</b>			<b>3.379.044</b>	<b>2.768.130</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>		<b>(7)</b>	<b>1.711.343</b>	<b>1.159.755</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>		<b>(7)</b>	<b>123.926</b>	<b>25.966</b>
<b>XI. PERSONNEL EXPENSES (-)</b>			<b>807.921</b>	<b>722.190</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>		<b>(8)</b>	<b>654.412</b>	<b>536.484</b>
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)</b>			<b>81.442</b>	<b>323.735</b>
<b>XIV. EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER</b>			-	-
<b>XV. PROFIT/(LOSS) ON EQUITY METHOD</b>			-	-
<b>XVI. PROFIT/(LOSS) ON NET MONETARY POSITION</b>			-	-
<b>XVII. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)</b>		<b>(9)</b>	<b>81.442</b>	<b>323.735</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>		<b>(10)</b>	<b>(22.961)</b>	<b>68.998</b>
18.1 Provision for Current Taxes			18.614	10.912
18.2 Deferred Tax Expense Effect (+)			646.524	366.579
18.3 Deferred Tax Income Effect (-)			688.099	308.493
<b>XIX. NET INCOME/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)</b>		<b>(11)</b>	<b>104.403</b>	<b>254.737</b>
<b>XX. 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. 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. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)</b>			-	-
<b>XXIII. 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. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>			-	-
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>		<b>(12)</b>	<b>104.403</b>	<b>254.737</b>
Earnings Per Share			0,077	0,189

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 DECEMBER 31, 2021**

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

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		Audited	Audited
		CURRENT PERIOD January 1- December 31, 2021	PRIOR PERIOD January 1- December 31, 2020
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>104.403</b>	<b>254.737</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>353.948</b>	<b>6.677</b>
<b>2.1</b>	<b>Other Income/Expense Items not to be Recycled to Profit or Loss</b>	<b>133.979</b>	<b>10.641</b>
2.1.1	Revaluation Surplus on Tangible Assets	185.972	41.708
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(12.834)	(22.642)
2.1.4	Other Income/Expense Items not to be Recycled to Profit or Loss	(7.644)	(3.906)
2.1.5	Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	(31.515)	(4.519)
<b>2.2</b>	<b>Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>219.969</b>	<b>(3.964)</b>
2.2.1	Translation Differences	205.376	19.695
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at Fair Value through Other Comprehensive Income	18.045	(32.582)
2.2.3	Gains/losses from Cash Flow Hedges	-	-
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6	Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	(3.452)	8.923
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>458.351</b>	<b>261.414</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 DECEMBER 31, 2021**  
*(Thousand of Turkish Lira (TL) unless otherwise stated)*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves <sup>(*)</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 – December 31, 2021)															
I. Closing balance	(V)	1.350.000	14.855	-	945.711	300.370	(46.325)	-	92.333	3.808	-	1.492.590	(363.852)	254.737	4.044.227
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		1.350.000	14.855	-	945.711	300.370	(46.325)	-	92.333	3.808	-	1.492.590	(363.852)	254.737	4.044.227
IV. Total Comprehensive Income		-	-	-	-	144.246	(10.267)	-	205.376	14.593	-	-	-	104.403	458.351
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	247.958	-	-	-	-	-	-	8.030	(131.713) <sup>(**)</sup>	-	124.275
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	243.076	11.661	(254.737)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	243.076	(243.076)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	254.737	(254.737)	-
Balances at end of the period (III+IV...+X+XI)		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

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

<sup>(\*\*)</sup> The Bank has paid TL 158.013 in February and August 2021, the coupon payment amount of unmatured additional tier 1 capital Sukuk and has recognized it under "prior periods' profit / loss". TL 50.458 the deferred tax expense related to the payment has been recognized under "prior periods' profit/ loss" as well.

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

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Audited)						Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss						
	Notes (Section Five-V)	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Total Shareholders' Equity
PRIOR PERIOD (January 1 – December 31, 2020)															
I. Closing balance	(V)	900.000	-	-	1.345.134	270.910	(27.506)	-	72.638	40.056	-	1.430.225	(272.957)	63.429	3.821.929
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	(8.999)	-	-	8.999	-	-
2.1. Effect of Corrections		-	-	-	-	-	-	-	-	(8.999)	-	-	8.999	-	-
2.2. Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		900.000	-	-	1.345.134	270.910	(27.506)	-	72.638	31.057	-	1.430.225	(263.958)	63.429	3.821.929
IV. Total Comprehensive Income		-	-	-	-	29.460	(18.819)	-	19.695	(23.659)	-	-	-	254.737	261.414
V. Capital Increase in Cash		450.000	14.855	-	(464.855)	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Others Changes		-	-	-	65.432	-	-	-	-	(3.590)	-	18	(100.976) <sup>(**)</sup>	-	(39.116)
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	62.347	1.082	(63.429)	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	62.347	(62.347)	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	63.429	(63.429)	-
Balances at end of the period (III+IV...+X+XI)		1.350.000	14.855	-	945.711	300.370	(46.325)	-	92.333	3.808	-	1.492.590	(363.852)	254.737	4.044.227

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

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

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

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

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

STATEMENT OF CASH FLOWS	Notes (Section Five-VI)	Audited CURRENT PERIOD January 1- December 31, 2021	Audited PRIOR PERIOD January 1- December 31, 2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes In Operating Assets And Liabilities</b>		<b>1.575.217</b>	<b>2.161.027</b>
1.1.1 Profit Share Income Received		4.994.375	3.400.375
1.1.2 Profit Share Expense Paid		(3.259.786)	(1.803.241)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		405.471	266.682
1.1.5 Other Income		709.689	527.106
1.1.6 Collections from Previously Written Off Loans	(V-I-6,h2)	463.030	608.331
1.1.7 Payments to Personnel and Service Suppliers		(1.002.624)	(903.566)
1.1.8 Taxes Paid		(59.404)	(127.238)
1.1.9 Others	(V-VI-3)	(675.534)	192.578
<b>1.2 Changes In Operating Assets And Liabilities</b>		<b>8.220.769</b>	<b>(6.987.574)</b>
1.2.1 Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss		(3.179.153)	(3.095.758)
1.2.2 Net (Increase) Decrease in Due From Banks and Other Financial Institutions		(6.646.458)	(2.178.742)
1.2.3 Net (Increase) Decrease in Loans		(7.775.633)	(9.830.111)
1.2.4 Net (Increase) Decrease in Other Assets		(226.291)	(962.519)
1.2.5 Net Increase (Decrease) in Bank Deposits		773.699	(1.600.976)
1.2.6 Net Increase (Decrease) in Other Deposits		23.928.850	10.914.506
1.2.7 Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed		-	-
1.2.9 Net Increase (Decrease) in Matured Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	(V-VI-3)	1.345.755	(233.974)
<b>I. Net Cash Flow From Banking Operations</b>		<b>9.795.986</b>	<b>(4.826.547)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net cash flow from investing activities</b>		<b>(1.539.691)</b>	<b>613.222</b>
2.1 Cash Paid For Acquisition of Investments, Associates and Subsidiaries		-	(50)
2.2 Cash Obtained From Disposal of Investments, Associates and Subsidiaries		-	21.890
2.3 Purchases of Property and Equipment		(160.354)	(127.331)
2.4 Disposals of Property and Equipment		318.262	307.988
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.549.849)	(1.912.156)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.103.730	3.106.407
2.7 Purchase of Financial Assets Measured at Amortised Cost	(V-I-4)	(3.762.132)	(1.740.999)
2.8 Sale of Financial Assets Measured at Amortised Cost	(V-I-4)	1.510.652	957.473
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Flow From Financing Activities</b>		<b>(5.545.577)</b>	<b>4.749.743</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		40.129.022	36.229.126
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		(45.431.167)	(31.255.604)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Leases Paid		(85.419)	(85.538)
3.6 Other		(158.013)	(138.241)
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(V-VI-3)	<b>3.140.562</b>	<b>336.393</b>
<b>V. Net (Decrease) Increase in Cash and Cash Equivalents</b>		<b>5.851.280</b>	<b>872.811</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	(V-VI-a)	<b>8.055.277</b>	<b>7.182.466</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	(V-VI-b)	<b>13.906.557</b>	<b>8.055.277</b>

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

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

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

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

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

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

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

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**SECTION THREE**

**Accounting Policies**

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

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

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

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

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

**b. Additional paragraph for convenience translation:**

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

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

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

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

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



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

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

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

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

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

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

**e. Comparative information and classifications:**

The changes in accounting policies are applied retrospectively and previous 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.

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

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

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

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

*Profit share income*

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

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

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

*Profit share expense*

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

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

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

In accordance with provisions of TAS and TFRS, the portion of the commission and fees which are related to the reporting period and collected in advance for cash and non-cash loans granted is reflected to the income statement by using the internal rate of return method and straight line methods, respectively over the commission period of the related loan, respectively. Fees and commissions collected in advance which are related to the future periods are recorded under the account "Unearned Revenues" and included in "Other Liabilities" in the balance sheet. The commission received from cash loans corresponding to the current period is presented in "Profit Share from Loans" in the 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 revaluation reports as of December 31, 2021 prepared by appraisers have been taken into consideration in measuring the fair values of the profit and loss sharing investments.

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

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

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

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and profit share at certain dates, they are classified as fair value through other comprehensive income. Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value.

Profit share income calculated with effective profit share rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

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

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

**Financial assets measured at amortized cost:**

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

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

**Loans:**

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

The Bank’s all loans 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.

Additionally, considering BRSA's decisions dated March 17, 2020 numbered 8948 and dated March 27, 2020 numbered 8970, because of the malfunction in economical and commercial operations arising from COVID-19 pandemic, within the context of clause 4 and 5 of the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside", it has been determined that 90 days overdue will be 180 days to classify the receivables as non performing loans and 30 days overdue will be 90 days to classify the receivables as second group loans until September 30, 2021.

With the statement on September 16, 2021, it has been decided that the related flexibility will conclude as of September 30, 2021, but as of October 1, 2021 for first group loans whose overdue are between 30 days and 90 days, the mentioned application will continue. In addition to first group loans, beginning from October 1, 2021 second group loans whose overdue are between 90 and 180 days, the same application will continue as well.

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

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

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

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

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

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

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

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

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

**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:

**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.

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

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

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

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

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

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

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

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

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

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

The costs of the intangible assets purchased before December 31, 2004 have been restated from the purchasing dates to December 31, 2004, the date the hyperinflationary period is considered to be ended.

Intangible assets purchased after this date have been recorded at their historical costs. Intangible assets are amortised by the Bank over their estimated economic useful lives in equal amounts on a straight-line basis. Useful lives of the Bank's software have been determined as 3 to 4 years and other intangible assets' useful lives have been determined as 15 years.

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



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**XII. Explanations on tangible assets:**

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

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

As of December 31, 2021, 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 "IFRS 16 Leases" standard, which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under "Tangible Fixed Assets" as an asset (tenure) and under "Lease Payables" as a liability.

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

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

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

**Right to use asset:**

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

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

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

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

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

**The lease liabilities:**

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

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

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

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

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

i) *Defined benefit plans:*

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

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

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

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

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

ii) *Defined contribution plans:*

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

iii) *Short term benefits to employees:*

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

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**XVI. Explanations on taxation:**

**Current tax:**

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

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

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

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

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

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

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

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

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

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

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

**Deferred tax:**

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

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

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

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

**Deferred tax (continued):**

Deferred tax is measured at enacted tax rates prevailing in the period when the assets are realized or liabilities are settled, and the tax is recorded as income or expense in the income statement. Nonetheless, if the deferred tax is related to assets directly associated with the equity in the same or different period, it is directly recognized in the equity accounts. Since the “law regarding changes on tax laws and some other laws” numbered 7061 and the 22% corporate tax rate have been terminated as of 2020, the Bank has used 25% rate for temporary differences expected to be realized or terminated until end of 2021, 23% for temporary differences expected to be realized or terminated until end of 2022 and 20 % for temporary differences expected to be realized or terminated after 2023 while preparing financial statements as of December 31, 2021. There is not deferred tax calculation for free provisions.

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

**Transfer pricing:**

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

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

**XVII. Additional explanations on borrowings:**

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

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

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

**Additional tier 1 capital borrowings:**

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

**XVIII. Explanations on issued share certificates:**

None.

**XIX. Explanations on acceptances and availed drafts:**

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

**XX. Explanations on government grants:**

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

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**XI. 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 XI.

**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 Unconsolidated 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 December 31, 2021, the Bank's total capital has been calculated as 6.268.931 TL and capital adequacy standard ratio is 14,90%. As of December 31, 2020, Bank's total capital amounted to TL 5.563.141 and capital adequacy ratio was 13,51%. 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	1.350.000	1.350.000
Share issue premiums	14.855	14.855
Reserves	1.259.792	1.128.738
Gains recognized in equity as per TAS	1.178.661	566.502
Profit	104.403	254.737
Current Period Profit	104.403	254.737
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>3.907.711</b>	<b>3.314.832</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	56.592	46.325
Improvement costs for operating leasing	21.295	20.340
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	78.682	37.958
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	266.747	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	111.451	111.451
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 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	31.725	-
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>566.492</b>	<b>216.074</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>3.341.219</b>	<b>3.098.758</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>4.116.939</b>	<b>3.874.478</b>
<b>TIER II CAPITAL</b>	<b>-</b>	<b>-</b>
Debt instruments and share issue premiums deemed suitable by the BRSA	1.983.300	1.374.112
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	303.215	321.443
<b>Tier II Capital Before Deductions</b>	<b>2.286.515</b>	<b>1.695.555</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 (-)	127.336	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>127.336</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>2.159.179</b>	<b>1.695.555</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>6.276.118</b>	<b>5.570.033</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	7.187	6.892

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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>6.268.931</b>	<b>5.563.141</b>
<b>Total risk weighted amounts</b>	<b>42.079.121</b>	<b>41.181.635</b>
<b>Capital Adequacy Ratios</b>	-	-
Core Capital Adequacy Ratio (%)	7,94	7,52
Tier 1 Capital Adequacy Ratio (%)	9,78	9,41
Capital Adequacy Ratio (%)	14,90	13,51
<b>BUFFERS</b>	-	-
The total additional capital requirement ratio (a + b + c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3,44	3,02
<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	337.295	279.792
<b>Limits related to provisions considered in Tier II calculation</b>	-	-
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	303.215	321.443
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	303.215	321.443
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6 % of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

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

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

In press release by BRSA dated March 23, 2020 it is stated that there are financial market turbulences as a result of Covid 19 pandemia. Because of this, in calculating credit risk as per "Regulation on Measurement and Assessment of Capital Adequacy of Banks", it is possible that last 252 working days (before calculation date) arithmetical averages of central bank buying exchange rates can be used in calculating the revalued amounts of monetary and non monetary items and their specific provisions. The items which are carried at cost is out of scope. As of December 31, 2021, the Bank has utilized this facility.

**b. Details on subordinated liabilities:**

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

(\*) 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:**

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

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

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

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

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

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

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**II. Explanations on credit risk (continued):**

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

<b>Risk Categories</b>	<b>Current Period Risk Amount</b>	<b>Average Risk Amount<sup>(*)</sup></b>
Receivables from central governments or central banks	19.539.686	14.661.811
Receivables from regional or local governments	112.481	178.803
Receivables from administrative units and non-commercial enterprises	44.810	50.314
Receivables from multilateral development banks	-	-
Receivables from international organizations	-	-
Receivables from banks and brokerage houses	6.191.164	5.403.176
Receivables from corporates	20.664.601	22.848.477
Retail receivables	7.857.559	7.849.378
Receivables secured by mortgages on property	9.436.596	5.216.582
Past due receivables	592.097	561.436
Receivables defined in high risk category by BRSA	-	-
Collateralized Securities	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Investments similar to collective investment funds	-	1.342
Other receivables	5.418.166	5.756.110
Equity share investments	62.639	61.291
<b>TOTAL<sup>(*)</sup></b>	<b>69.919.799</b>	<b>62.588.720</b>

<sup>(\*)</sup> Average risk amount was tested by taking the arithmetic average of monthly risk amounts for 2021.

- (2) The credit risk undertaken for forwards, options and similar agreements is managed together with the risks arising from market movements.
- (3) The risks of forwards, options and similar agreements are followed regularly and the Bank utilizes risk mitigation methods if needed.
- (4) Indemnified non-cash loans are subject to the same risk weight as overdue loans. Rescheduled or restructured loans are followed in accordance with the principles of credit risk management and follow-up principle of the Bank. Financial position and commercial operations of those customers are analyzed continuously and the principal and profit payments based on the restructured payment plan are monitored by the related departments.

The Bank considers that long-term commitments are exposed to more credit risk than short-term commitments and matters such as defining risk limits and obtaining collateral for long-term risks are addressed more extensively as compared to short-term risks.

- (5) The Bank has credit lines in different countries within the scope of its banking activity and due inquiries (economic, cyclical, etc.) are carried out during the allocation and revision of such credit lines.

For the banks where correspondent activity and international commodity transactions are intended to be carried out, credit limits are allocated by the related credit committees taking into account the size of the correspondent bank and the size of Bank itself and concentration of risk is avoided. The Bank does not carry any serious risk in this respect.

- (6) Share of cash receivables of the Bank from its top 100 and top 200 cash loan customers in total cash loans is 52% (December 31, 2020: 51%) and 59% (December 31, 2020: 60%) respectively.

Share of non-cash receivables of the Bank from its top 100 and top 200 non-cash loan customers in total non-cash loans is 48% (December 31, 2020: 43%) and 58% (December 31, 2020: 55%) respectively.

Share of cash and non-cash receivables of the Bank from its top 100 and top 200 loan and non-cash loan customers in total of balance sheet and off balance sheet commitments is 46% (December 31, 2020: 44%) and 54% (December 31, 2020: 53%) respectively.

- (7) The Bank's expected credit loss (except non cash loans) amount for its credit risk (Stage 1 and 2) is TL 588.399 (December 31, 2020: TL 620.083).

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**II. Explanations on credit risk (continued):**

**(8) Profile on significant risks in significant regions:**

Current Period	Risk Categories <sup>(*)</sup>												Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Domestic	19.539.686	112.481	44.810	-	2.258.797	19.054.463	7.806.913	9.359.004	586.261	-	5.203.296	40.706	64.006.417
EU Countries	-	-	-	-	771.660	63.328	3.457	7.707	-	-	-	19.178	865.330
OECD Countries <sup>(**)</sup>	-	-	-	-	1.879.084	355	1.113	530	-	-	-	-	1.881.082
Off-shore banking regions	-	-	-	-	823.226	98.810	5.094	7.702	-	-	-	-	934.832
USA, Canada	-	-	-	-	445.344	6.482	456	501	-	-	-	-	452.783
Other countries	-	-	-	-	13.053	1.441.163	40.526	61.152	5.836	-	214.870	2.755	1.779.355
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities <sup>(***)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19.539.686</b>	<b>112.481</b>	<b>44.810</b>	<b>-</b>	<b>6.191.164</b>	<b>20.664.601</b>	<b>7.857.559</b>	<b>9.436.596</b>	<b>592.097</b>	<b>-</b>	<b>5.418.166</b>	<b>62.639</b>	<b>69.919.799</b>
Prior Period	1	2	3	4	5	6	7	8	9	10	11	12	Total
	1	2	3	4	5	6	7	8	9	10	11	12	
Domestic	12.075.930	263.340	71.654	-	2.105.193	21.119.412	7.391.850	3.874.184	513.815	7.299	4.834.018	32.768	52.289.463
EU Countries	-	-	-	-	484.337	176.618	7.946	5.579	3	-	-	18.643	693.126
OECD Countries <sup>(**)</sup>	-	-	-	-	23.828	-	6	-	-	-	-	-	23.834
Off-shore banking regions	-	-	-	-	757.610	361.038	34.454	7.270	-	-	-	-	1.160.372
USA, Canada	-	-	-	-	238.941	47.240	809	578	-	-	-	-	287.568
Other countries	505	-	-	-	917.412	656.504	15.235	5.174	1.554	-	231	8.586	1.605.201
Associates, subsidiaries and jointly controlled entities	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets/liabilities <sup>(***)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12.076.435</b>	<b>263.340</b>	<b>71.654</b>	<b>-</b>	<b>4.527.321</b>	<b>22.360.812</b>	<b>7.450.300</b>	<b>3.892.785</b>	<b>515.372</b>	<b>7.299</b>	<b>4.834.249</b>	<b>59.997</b>	<b>56.059.564</b>

<sup>(\*)</sup> Risk classifications in the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" will be used.

<sup>(\*\*)</sup> OECD countries other than EU countries, USA and Canada.

<sup>(\*\*\*)</sup> Assets and liabilities are not allocated on a consistent basis

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks
- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates
- 7- Retail receivables

- 8- Receivables secured by mortgages on property
- 9- Past due receivables
- 10- Investments as collective investment enterprises
- 11- Other receivables
- 12- Equity share investments

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**II. Explanations on credit risk (continued):**

**Risk Profile according to sectors and counterparties:**

Sectors / Counterparties	Risk Categories												TL	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12			
<b>1 Agriculture</b>	-	-	-	-	-	<b>198.657</b>	<b>132.191</b>	<b>87.064</b>	<b>9.647</b>	-	-	-	<b>306.552</b>	<b>121.007</b>	<b>427.559</b>
1.1 Farming and stockbreeding	-	-	-	-	-	198.657	132.191	-	-	-	-	-	210.843	120.005	330.848
1.2 Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.3 Fishery	-	-	-	-	-	-	-	87.064	9.647	-	-	-	95.709	1.002	96.711
<b>2 Manufacturing</b>	-	-	<b>923</b>	-	-	<b>8.091.570</b>	<b>2.960.311</b>	<b>959.577</b>	<b>236.906</b>	-	<b>3.559.250</b>	-	<b>6.141.027</b>	<b>9.667.510</b>	<b>15.808.537</b>
2.1 Mining	-	-	-	-	-	940.098	272.608	82.021	104.267	-	-	-	701.865	697.129	1.398.994
2.2 Production	-	-	-	-	-	5.069.484	2.614.256	770.173	132.639	-	3.559.250	-	4.993.478	7.152.324	12.145.802
2.3 Electricity, gas, water	-	-	923	-	-	2.081.988	73.447	107.383	-	-	-	-	445.684	1.818.057	2.263.741
<b>3 Construction</b>	-	-	<b>282</b>	-	-	<b>3.433.366</b>	<b>235.639</b>	<b>1.174.385</b>	<b>152.002</b>	-	-	-	<b>2.117.877</b>	<b>2.877.797</b>	<b>4.995.674</b>
<b>4 Services</b>	<b>19.539.686</b>	-	<b>41.466</b>	-	<b>6.191.164</b>	<b>8.330.582</b>	<b>4.313.613</b>	<b>7.044.186</b>	<b>186.352</b>	-	<b>557.892</b>	<b>62.639</b>	<b>16.785.204</b>	<b>29.482.376</b>	<b>46.267.580</b>
4.1 Wholesale and retail trade	-	-	254	-	-	5.948.191	3.492.870	2.855.404	129.445	-	555.406	14.381	7.373.640	5.622.311	12.995.951
4.2 Hotel, food and beverage services	-	-	-	-	-	321.019	75.692	72.716	12.294	-	-	-	159.412	322.309	481.721
4.3 Transportation and telecommunication	-	-	-	-	-	944.466	434.900	108.534	20.816	-	-	-	550.316	958.400	1.508.716
4.4 Financial institutions	19.539.686	-	-	-	6.184.451	401.666	11.424	654.525	2.608	-	2.486	48.258	5.675.157	21.169.947	26.845.104
4.5 Real estate and renting services	-	-	-	-	6.713	-	98.782	3.279.448	15.602	-	-	-	2.144.182	1.256.363	3.400.545
4.6 Self-employment services	-	-	-	-	-	557.038	-	-	-	-	-	-	415.368	141.670	557.038
4.7 Education services	-	-	18.296	-	-	5.233	26.943	18.946	2.884	-	-	-	67.337	4.965	72.302
4.8 Health and social services	-	-	22.916	-	-	152.969	173.002	54.613	2.703	-	-	-	399.792	6.411	406.203
<b>5 Other</b>	-	<b>112.481</b>	<b>2.139</b>	-	-	<b>610.426</b>	<b>215.805</b>	<b>171.384</b>	<b>7.190</b>	-	<b>1.301.024</b>	-	<b>965.853</b>	<b>1.454.596</b>	<b>2.420.449</b>
<b>6 Total</b>	<b>19.539.686</b>	<b>112.481</b>	<b>44.810</b>	-	<b>6.191.164</b>	<b>20.664.601</b>	<b>7.857.559</b>	<b>9.436.596</b>	<b>592.097</b>	-	<b>5.418.166</b>	<b>62.639</b>	<b>26.316.513</b>	<b>43.603.286</b>	<b>69.919.799</b>

- 1- Receivables from central governments or central banks
- 2- Receivables from regional or local governments alacaklar
- 3- Receivables from administrative units and non-commercial enterprises
- 4- Receivables from multilateral development banks
- 5- Receivables from banks and brokerage houses
- 6- Receivables from corporates
- 7- Retail receivables

- 8- Receivables secured by mortgages on property
- 9- Past due receivables
- 10- Investments as collective investment enterprises
- 11- Other receivable
- 12- Equity share investments

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**II. Explanations on credit risk (continued):**

**Distribution of risks with term structure according to remaining maturities:**

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

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

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



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**II. Explanations on credit risk (continued):**

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

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**II. Explanations on credit risk (continued):**

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

										Deductions from Shareholders' Equity
Risk Weights	0%	10%	20%	35%	50%	75%	100%	150%	200%	
1 Amount before credit risk mitigation	22.037.125	-	4.773.634	2.527.511	7.384.896	7.771.919	25.009.719	414.995	-	218.615
2 Amount after credit risk mitigation	23.753.418	-	5.484.361	2.520.147	7.581.773	7.302.726	22.862.480	414.894	-	218.615

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

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

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

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

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**II. Explanations on credit risk (continued):**

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

**Current Period**

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

<sup>(\*)</sup> Determined according to currency differences.

<sup>(\*\*)</sup> Includes reversal of provisions related to write off amounts to TL 249.185.

**Prior Period**

<b>Risk Weight</b>	<b>Opening Balance</b>	<b>Provision made during the period</b>	<b>Reversal of Provisions</b>	<b>Other Adjustments <sup>(*)</sup></b>	<b>Closing Balance</b>
1. Specific Provisions	946.631	697.454	(470.965) <sup>(**)</sup>	74.830	1.247.950
2. General Provisions	185.151	424.813	(26.748)	1.441	584.657

<sup>(\*)</sup> Determined according to currency differences.

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

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

**Explanations on receivables from consolidated private sector:**

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

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

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

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**IV. 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 Turkey	5.941.783	14.998.097	3.737.899	24.677.779
Banks	718.166	1.292.020	1.780.769	3.790.955
Financial assets at fair value through profit and loss <sup>(**)</sup>	883.945	1.128.327	4.877.370	6.889.642
Money market placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	1.243	362.822	6.653	370.718
Loans and financial lease receivables <sup>(***)</sup>	10.535.499	22.815.034	2	33.350.535
Subsidiaries, associates and joint ventures	18.311	-	-	18.311
Financial Assets Measured at Amortised Cost	1.425.525	5.979.811	-	7.405.336
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	-	24.834	24.834
Intangible assets	-	-	-	-
Other assets <sup>(****)</sup>	119.251	22.801	1.443	143.495
<b>Total assets</b>	<b>19.643.723</b>	<b>46.598.912</b>	<b>10.428.970</b>	<b>76.671.605</b>
<b>Liabilities</b>				
Current account and funds collected from banks via participation accounts	662.001	974.193	24.851	1.661.045
Other current and profit sharing accounts	15.761.436	43.525.506	10.088.469	69.375.411
Money market borrowings	-	-	-	-
Funds provided from other financial institutions and subordinated loans	1.075.156	4.135.026	-	5.210.182
Marketable securities issued	-	-	-	-
Miscellaneous payables	261.738	366.671	23.584	651.993
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities	771	31.598	20.059	52.428
<b>Total liabilities</b>	<b>17.761.102</b>	<b>49.032.994</b>	<b>10.156.963</b>	<b>76.951.059</b>
<b>Net balance sheet position</b>	<b>1.882.621</b>	<b>(2.434.082)</b>	<b>272.007</b>	<b>(279.454)</b>
<b>Net off balance sheet position</b>	<b>(2.145.002)</b>	<b>2.733.834</b>	<b>(75.193)</b>	<b>513.639</b>
Derivative financial instruments assets <sup>(*****)</sup>	-	3.219.728	30.028	3.249.756
Derivative financial instruments liabilities <sup>(*****)</sup>	2.145.002	485.894	105.221	2.736.117
Non-cash loans <sup>(*****)</sup>	3.317.764	6.952.583	52.696	10.323.043
<b>Prior Period</b>				
Total assets	10.862.943	22.616.458	6.402.503	39.881.904
Total liabilities	10.838.411	24.794.716	6.479.083	42.112.210
<b>Net balance sheet position</b>	<b>24.532</b>	<b>(2.178.258)</b>	<b>(76.580)</b>	<b>(2.230.306)</b>
<b>Net off balance sheet position</b>	<b>(244.207)</b>	<b>2.670.013</b>	<b>142.713</b>	<b>2.568.519</b>
Derivative financial instruments assets	22.001	3.036.480	160.497	3.218.978
Derivative financial instruments liabilities	266.208	366.467	17.784	650.459
Non-cash loans <sup>(*****)</sup>	2.160.361	3.210.278	41.055	5.411.694

(\*) TL 3.664.103 (December 31, 2020: TL 2.644.380) of the balance in Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey in other FC column represent precious metals, TL 962.090 (December 31, 2020: TL 1.308.455) of the balance in Banks in other FC column represent precious metals accounts with banks, TL 9.344.729 (December 31, 2020: TL 6.203.756) of the balance in Other current and profit sharing accounts in other FC column represent precious metals deposits accounts. TL 4.877.174 (December 31, 2020: TL 2.114.472) of the balance in other FC column in financial assets at fair value through profit and loss represents gold-indexed lease certificates ( sukuk )

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

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

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

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

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

**Other issues related to currency risk:**

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

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**V. 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 62.639 100% risk weight is applied to related whole amount (December 31, 2020: TL 59.997).

**VI. Explanations on liquidity risk:**

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

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

ALCO takes necessary decisions which will be executed by related departments by assessing the liquidity risk that the Bank is exposed to and considering the Bank's strategy and conditions of competition and pursues the implementations. Risk Management Department defines the Bank's liquidity risk, measures and monitors the risks with liquidity risk measurement methods that are in compliance with legal legislation, presents measurement results periodically to related departments, committees and senior management. Risk Management Department coordinates related parties in order to ensure compliance of risk management process in accordance with the Bank's risk profile, operation environment and strategic plan with regulations.

The liquidity risk analysis and the important early warning signals are reported periodically to related senior management. Additionally, analysis and monitored internal reserve limit ratios related to liquidity risk are presented in ALCO report. Reserve limit ratios and alert levels approved by the Board of Directors are monitored and reported regularly to related parties. The Bank's funding management is carried out in compliance with the ALCO decisions in the direction of the Fund Transfer Pricing ("FTP") committee. Funding and placement strategies are developed by assessing liquidity of the Bank.

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

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

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

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

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**VI. 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			33.240.760	29.994.681
	<b>CASH OUTFLOWS</b>				
2	Retail and Small Business Funds Collected	48.002.205	35.868.013	4.554.809	3.586.801
3	Stable Funds Collected	4.908.238	-	245.412	-
4	Less stable Funds Collected	43.093.967	35.868.013	4.309.397	3.586.801
5	Unsecured Funding other than Retail and Small Business Customers Deposits	26.730.954	18.464.414	12.063.765	6.743.836
6	Operational Funds Collected	14.671.442	11.667.569	3.667.861	2.916.892
7	Non-Operational Funds Collected	7.626.022	5.215.140	4.073.633	2.411.535
8	Other Unsecured Funding	4.433.490	1.581.705	4.322.271	1.415.409
9	Secured funding			-	-
10	Other Cash Outflows	3.839.376	3.332.027	3.839.376	3.332.027
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	3.839.376	3.332.027	3.839.376	3.332.027
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	15.718.241	8.909.943	1.820.327	1.306.136
16	<b>TOTAL CASH OUTFLOWS</b>			<b>22.278.277</b>	<b>14.968.800</b>
	<b>CASH INFLOWS</b>				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	9.891.169	6.436.367	7.762.936	5.345.582
19	Other contractual cash inflows	3.892.265	2.629.280	3.892.265	2.629.280
20	<b>TOTAL CASH INFLOWS</b>	<b>13.783.434</b>	<b>9.065.647</b>	<b>11.655.201</b>	<b>7.974.862</b>
				<b>Upper limit applied amounts</b>	
21	<b>TOTAL HQLA</b>			<b>33.240.760</b>	<b>29.994.681</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>10.623.076</b>	<b>6.993.938</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>312,91</b>	<b>428,87</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	247,19	334,49
Date	October 3, 2021	December 7, 2021
Highest	401,82	552,45
Date	December 8, 2021	December 28, 2021
Average	312,91	428,87

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**VI. 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>	
	Prior period	TL+FC	FC	TL+FC	FC
	<b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>				
1	HIGH QUALITY LIQUID ASSETS			17.541.745	15.041.838
	<b>CASH OUTFLOWS</b>				
2	Retail and Small Business Funds Collected	32.277.745	22.577.578	3.017.474	2.257.758
3	Stable Funds Collected	4.206.009	-	210.300	-
4	Less stable Funds Collected	28.071.736	22.577.578	2.807.174	2.257.758
5	Unsecured Funding other than Retail and Small Business Customers Deposits	18.289.370	11.511.164	8.638.837	5.368.906
6	Operational Funds Collected	9.604.669	7.375.474	2.401.167	1.843.869
7	Non-Operational Funds Collected	4.234.104	2.039.871	1.919.507	900.775
8	Other Unsecured Funding	4.450.597	2.095.819	4.318.163	2.624.262
9	Secured funding			-	-
10	Other Cash Outflows	2.961.137	1.835.096	2.961.137	1.835.096
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.961.137	1.835.096	2.961.137	1.835.096
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	-	-	-	-
15	Other irrevocable or conditionally revocable commitments	11.674.343	5.439.205	1.122.951	664.035
16	<b>TOTAL CASH OUTFLOWS</b>			<b>15.740.399</b>	<b>10.125.795</b>
	<b>CASH INFLOWS</b>				
17	Secured Lending Transactions	-	-	-	-
18	Unsecured Lending Transactions	7.863.193	5.384.414	6.383.806	4.658.632
19	Other contractual cash inflows	3.001.309	2.693.309	3.001.309	2.693.309
20	<b>TOTAL CASH INFLOWS</b>	<b>10.864.502</b>	<b>8.077.723</b>	<b>9.385.115</b>	<b>7.351.941</b>
				Upper limit applied amounts	
21	<b>TOTAL HQLA</b>			<b>17.541.745</b>	<b>15.041.838</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>6.355.284</b>	<b>2.773.854</b>
23	<b>Liquidity Coverage Ratio (%)</b>			<b>276,02</b>	<b>542,27</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 2020 are as follows:

Liquidity Coverage Ratio (%)	Prior Period	
	TL+FC	FC
Lowest	213,60	361,57
Date	November 30, 2020	October 4, 2020
Highest	402,20	691,40
Date	December 18, 2020	November 14, 2020
Average	276,02	542,27



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

**Liquidity Coverage Ratio (continued):**

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

High quality liquid assets consist of cash, deposits in central banks and securities considered as high quality liquid assets. Reserve deposits are included in high quality liquid assets, limited by the amount that is allowed by central bank to use in liquidity shortages. The Bank's high quality liquid assets are composed of 6,59% cash, 54,21% deposits in central banks and 39,20% 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 90,68% funds collected, 9,32% 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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**VI. Explanations on liquidity risk (continued):**

**Presentation of assets and liabilities according to their remaining maturities:**

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Unallocated (**)(***)	Total
<b>Assets</b>								
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	10.619.482	15.878.705	-	-	-	-	-	26.498.187
Banks	3.627.422	1.480.543	131.344	-	-	-	-	5.239.309
Financial Assets at Fair Value Through Profit and Loss <sup>(*)</sup>	39.618	257.158	1.881.022	245.183	5.998.363	49.657	-	8.471.001
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	24.686	-	340.635	154.728	232.309	-	-	752.358
Loans <sup>(**)</sup>	127.091	4.112.062	8.802.171	18.970.700	20.049.411	3.749.918	1.125.194	56.936.547
Financial Assets Measured at Amortised Cost	-	143.301	1.685.594	312.666	5.961.650	-	-	8.103.211
Other Assets	-	865	6.814	14.109	163.710	241.545	2.527.467	2.954.510
<b>Total Assets</b>	<b>14.438.299</b>	<b>21.872.634</b>	<b>12.847.580</b>	<b>19.697.386</b>	<b>32.405.443</b>	<b>4.041.120</b>	<b>3.652.661</b>	<b>108.955.123</b>
<b>Liabilities</b>								
Current account and funds collected from banks via participation accounts	1.459.724	248.846	32	19.901	-	-	-	1.728.503
Other current and profit sharing accounts	44.822.711	34.055.613	7.127.368	3.378.531	123.923	-	-	89.508.146
Funds provided from other financial institutions and subordinated loans	-	2.104.528	3.685.506	431.074	3.157.461	-	-	9.378.569
Money Market Borrowings	-	1.327	-	-	-	-	-	1.327
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	800.096	170.634	65.870	76	-	1.708.885	2.745.561
Other liabilities	775.720	-	700	3.932	108.401	214.810	4.489.454	5.593.017
<b>Total Liabilities</b>	<b>47.058.155</b>	<b>37.210.410</b>	<b>10.984.240</b>	<b>3.899.308</b>	<b>3.389.861</b>	<b>214.810</b>	<b>6.198.339</b>	<b>108.955.123</b>
<b>Net Liquidity Gap</b>	<b>(32.619.856)</b>	<b>(15.337.776)</b>	<b>1.863.340</b>	<b>15.798.078</b>	<b>29.015.582</b>	<b>3.826.310</b>	<b>(2.545.678)</b>	<b>-</b>
<b>Net Off-balance sheet</b>								
<b>Position</b>	<b>-</b>	<b>(284.967)</b>	<b>243.204</b>	<b>8.513</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(33.250)</b>
Financial Derivative Assets	-	2.701.371	549.987	131.339	-	-	-	3.382.697
Financial Derivative Liabilities	-	2.986.338	306.783	122.826	-	-	-	3.415.947
<b>Non-cash Loans</b>	<b>11.725.992</b>	<b>164.297</b>	<b>770.409</b>	<b>3.464.733</b>	<b>1.262.356</b>	<b>15.513</b>	<b>-</b>	<b>17.403.300</b>
<b>Prior period</b>								
Total Assets	9.537.268	11.938.005	7.990.292	15.013.455	19.125.698	2.987.165	2.723.916	69.315.799
Total Liabilities	23.935.095	26.970.224	8.878.140	2.595.446	1.906.422	206.715	4.823.757	69.315.799
<b>Net Liquidity Gap</b>	<b>(14.397.827)</b>	<b>(15.032.219)</b>	<b>(887.848)</b>	<b>12.418.009</b>	<b>17.219.276</b>	<b>2.780.450</b>	<b>(2.099.841)</b>	<b>-</b>
<b>Net Off-balance sheet</b>								
<b>Position</b>	<b>-</b>	<b>(62.018)</b>	<b>(109.221)</b>	<b>(65.751)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(236.990)</b>
Financial Derivative Assets	-	918.683	1.452.662	656.191	-	-	-	3.027.536
Financial Derivative Liabilities	-	980.701	1.561.883	721.942	-	-	-	3.264.526
<b>Non-cash Loans</b>	<b>6.733.505</b>	<b>238.758</b>	<b>512.408</b>	<b>2.735.817</b>	<b>868.546</b>	<b>32.797</b>	<b>-</b>	<b>11.121.831</b>

(\*) Derivative financial instruments are included.

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

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

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

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**VII. Explanations on leverage ratio:**

As of December 31, 2021, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 3,18% (December 31, 2020: 4,52%). Leverage ratio is required to remain minimum 3% as per "Communiqué on Measurement and Evaluation for Leverage Ratios of Banks". The reason for the difference in leverage ratio between current and previous period is that increase in average total risk amount is higher than increase in average capital amount.

		<b>Current Period<sup>(*)</sup></b>	<b>Prior Period<sup>(*)</sup></b>
<b>Balance sheet assets</b>			
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	102.434.886	71.506.589
2	(Assets deducted from Core capital)	(371.694)	(71.840)
3	Total risk amount of balance sheet assets (sum of lines 1 and 2)	102.063.192	71.434.749
<b>Derivative financial assets and credit derivatives</b>			
4	Cost of replenishment for derivative financial assets and credit derivatives	157.781	70.179
5	Potential credit risk amount of derivative financial assets and credit derivatives	31.543	35.331
6	Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)	189.324	105.510
<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)	600.159	303.792
8	Risk amount arising from intermediary transactions	0	-
9	Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)	600.159	303.792
<b>Off-balance sheet transactions</b>			
10	Gross notional amount of off-balance sheet transactions	20.035.331	13.863.342
11	(Correction amount due to multiplication with credit conversion rates)	(30.750)	(3.600)
12	Total risk of off-balance sheet transactions (sum of lines 10 and 11)	20.004.581	13.859.742
<b>Capital and total risk</b>			
13	Core Capital	3.881.503	3.874.890
14	Total risk amount (sum of lines 3, 6, 9 and 12)	122.857.256	85.703.793
<b>Leverage ratio</b>			
15	Leverage ratio (%)	3,18	4,52

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

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

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

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

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

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

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

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

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

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

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

	Carrying value		Fair value	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Financial Assets</b>				
Money market placements	-	-	-	-
Banks	5.296.422	3.413.346	5.296.422	3.413.346
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	8.382.516	5.403.992	8.382.516	5.403.992
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	752.358	1.163.448	752.358	1.163.448
Financial Assets Measured at Amortised Cost	8.103.211	3.224.800	8.066.060	3.082.412
Loans and financial lease receivables	56.936.547	40.583.348	53.502.790	37.787.462
<b>Financial Liabilities</b>				
Funds collected from banks via current accounts and profit sharing accounts	1.728.503	512.174	1.728.503	512.174
Other current and profit sharing accounts	89.508.146	51.100.950	89.508.146	51.100.950
Funds provided from other financial institutions	9.378.569	9.034.427	9.556.432	9.097.035
Marketable securities issued	1.327	2.276.453	1.327	2.276.453
Miscellaneous payables	2.745.561	1.592.366	2.745.561	1.592.366

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

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

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

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

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

<b>Current period <sup>(*)</sup></b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
<b>Financial assets</b>				
<b>Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)</b>	<b>7.600.320</b>	<b>782.196</b>	<b>-</b>	<b>8.382.516</b>
Government Securities	7.558.347	-	-	7.558.347
Equity securities	19.198	-	-	19.198
Other Financial Assets	22.775	782.196	-	804.971
<b>Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)</b>	<b>727.672</b>	<b>-</b>	<b>-</b>	<b>727.672</b>
Equity securities <sup>(**)</sup>	-	-	-	-
Government Securities	727.672	-	-	727.672
Other Financial Assets	-	-	-	-
<b>Derivative Financial Assets</b>	<b>-</b>	<b>88.485</b>	<b>-</b>	<b>88.485</b>
<b>Financial Liabilities</b>				
<b>Derivative Financial Liabilities</b>	<b>-</b>	<b>187.254</b>	<b>-</b>	<b>187.254</b>

<sup>(\*)</sup> In the current period, there is no classification between level I and level II.

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

<b>Prior period <sup>(*)</sup></b>	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
<b>Financial assets</b>				
Financial assets at fair value through profit and loss	<b>4.991.486</b>	<b>412.506</b>	<b>-</b>	<b>5.403.992</b>
Public sector debt securities	3.768.827	-	-	3.768.827
Equity securities	10.774	-	-	10.774
Derivative financial assets held for trading	1.211.885	412.506	-	1.624.391
<b>Financial assets- available for sale</b>	<b>1.139.285</b>	<b>7.299</b>	<b>-</b>	<b>1.146.584</b>
Equity securities <sup>(**)</sup>	-	-	-	-
Public sector debt securities	1.051.111	-	-	1.051.111
Other marketable securities	88.174	7.299	-	95.473
<b>Derivative Financial Assets</b>				
<b>Financial Liabilities</b>				
<b>Derivative Financial Liabilities</b>	<b>-</b>	<b>142.596</b>	<b>-</b>	<b>142.596</b>

<sup>(\*)</sup> In the prior period, there is no classification between level I and level II.

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

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

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

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

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**X. 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:**

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

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

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

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

The Board of Directors of the Bank takes an important part in the processes of risk management by following policies and strategies on consolidated and unconsolidated basis, setting up limit systems and procedures in the Bank.

The related limits are monitored, reported and maintained within the set limits by the units under the internal systems and the related departments in the bank. Risk Management Department, organized within the frame of Risk Management regulations, undertakes activities for measuring, monitoring, controlling and reporting of risks.

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

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

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

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

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

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

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

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

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

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

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

**Market Risk**

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

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

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

**Liquidity risk**

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

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

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

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

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

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

**Credit risk**

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

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

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

It is systematically not possible for customers to exceed the predetermined and approved limit. Close attention is paid to prevent any sector concentration that might impair the health of the credit portfolio. Utmost care is given to the prevention of risks concentrating on a small number of customers. Credit risks are constantly monitored and reported by the internal systems units and risk management bodies. Credit risks are ensured to be in conformity to "Regulation on Credit Policies and Implementation Procedures".

**Operational risk**

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

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

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

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

**Other risks**

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

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

The Bank regards reputational risk as anything that might lead to the Bank's suffering a loss on account of adverse developments such as a reduction in the confidence that is had in it or any impairment in its good standing due to unfavorable opinions that existing or potential customers, shareholders, competitors, regulatory agencies, or other outside or associated parties may have about it or due to any breach of existing laws and regulations. For the risk of reputation to be avoided and/or controlled by the Bank's Risk Management System, a proactive communication mechanism that gives the customer priority is established any time a condition that could detriment the Bank's reputation or image is detected. Preparations are made for the worst-case scenarios in advance. In the evaluation of the reputation risk, the relationship, level and impact of operational risks to the reputation risk are also taken into account.

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

Country risk is an expression of the likelihood that the bank will suffer a loss because debtors in another country fail to fulfill or avoid fulfilling their obligations owing to uncertainties in the economic, social, and/or political conditions of that country. The Bank enters into business relationships with foreign financial



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

institutions and/or the agencies of foreign countries taking legal and regulatory restrictions, market conditions, and customer satisfaction into consideration and on the basis of feasibility studies that take the country's economic conditions into account.

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

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

		<b>Risk Weighted Amount</b>		<b>Minimum capital requirement</b>
		<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>
1	Credit risk (excluding counterparty credit risk) (CCR)	34.696.010	33.336.760	2.775.681
2	Standardised approach (SA)	34.696.010	33.336.760	2.775.681
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	60.985	12.162	4.879
5	Standardised approach for counterparty credit risk (SA-CCR)	60.985	12.162	4.879
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	3.993.135	5.042.837	319.451
17	Standardised approach (SA)	3.993.135	5.042.837	319.451
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	3.328.991	2.789.876	266.319
20	Basic Indicator Approach	3.328.991	2.789.876	266.319
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	-	-	-
<b>25</b>	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>42.079.121</b>	<b>41.181.635</b>	<b>3.366.330</b>

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

**b. Financial statements and regulatory exposures reconciliation:**

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

Current Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
<b>Assets</b>						
Cash and cash equivalents	31.795.033	13.058.732	-	-	-	-
Financial assets at fair value through profit and loss	8.382.516	-	360	-	8.382.156	111.451
Financial Assets at Fair Value through Other Comprehensive Income	752.358	752.358	-	-	-	-
Financial Assets Measured at Amortised Cost	8.103.211	6.103.211	-	-	-	-
Derivative Financial Assets	88.485	-	90.479	-	88.845	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	57.537	-	-	-	-	57.537
<b>LOANS (Net)</b>	56.936.547	43.506.451	-	-	-	(523.675)
Loans	55.521.541	43.146.767	-	-	-	7.187
Financial Lease Receivables	820.674	438.842	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	3.783.237	2.578.885	-	-	-	-
Expected Credit Losses (-)	3.188.905	2.658.043	-	-	-	530.862
Assets Held for Sale and Assets of Discontinued Operations (Net)	118.978	118.978	-	-	-	-
Ownership Investments	43.411	43.411	-	-	-	-
Tangible Assets (Net)	1.508.968	1.430.286	-	-	-	21.295
Intangible Assets (Net)	83.000	34.630	-	-	-	78.682
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	2.483	2.483	-	-	-	-
Deferred Tax Asset	489.049	489.049	-	-	-	-
Other Assets	708.621	708.621	-	-	-	-
<b>Total assets</b>	<b>108.955.123</b>	<b>66.248.210</b>	<b>90.839</b>	<b>-</b>	<b>8.471.001</b>	<b>(369.784)</b>
<b>Liabilities</b>						
Funds collected	91.236.649	-	-	-	-	91.236.649
Funds borrowed	6.259.215	-	-	-	-	6.259.215
Borrowings from money markets	1.327	-	-	-	-	1.327
Securities issued	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	187.254	-	-	-	-	187.254
Lease Payables	349.614	-	-	-	-	349.614
Provisions	312.078	9.710	-	-	-	302.368
Current Tax Liability	117.218	-	-	-	-	117.218
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	3.119.354	-	-	-	-	3.119.354
Other Liabilities	2.745.561	-	-	-	-	2.745.561
Shareholders' equity	4.626.853	-	-	-	-	4.626.853
<b>Total liabilities</b>	<b>108.955.123</b>	<b>9.710</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108.945.413</b>

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

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

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

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

Prior Period	Carrying value reported in financial tables in accordance with Turkish Accounting Standards (TAS)	Carrying values of items in accordance with Turkish Accounting Standards (TAS)				
		Subject to credit risk	Subject to counterparty credit risk	Securitization positions	Subject to market risk (*)	Not subject to capital requirements or deducted from capital
<b>Assets</b>						
Cash and cash equivalents	16.648.354	16.648.354	-	-	-	-
Financial assets at fair value through profit and loss	5.403.992	-	175	-	5.403.992	-
Financial Assets at Fair Value through Other Comprehensive Income	1.163.448	1.163.448	-	-	-	-
Financial Assets Measured at Amortised Cost	3.224.800	3.224.800	-	-	-	-
Derivative Financial Assets	13.684	-	13.684	-	13.684	-
Non Performing Financial Assets	-	-	-	-	-	-
Expected Credit Losses (-)	35.426	-	-	-	-	35.426
<b>LOANS (Net)</b>	40.583.348	41.161.113	-	-	-	(577.765)
Loans	40.010.530	40.003.638	-	-	-	6.892
Financial Lease Receivables	360.149	360.149	-	-	-	-
Factoring Receivables	-	-	-	-	-	-
Non Performing Receivables	2.045.276	2.045.276	-	-	-	-
Expected Credit Losses (-)	1.832.607	1.247.950	-	-	-	584.657
Assets Held for Sale and Assets of Discontinued Operations (Net)	131.050	131.050	-	-	-	-
Ownership Investments	43.411	43.411	-	-	-	-
Tangible Assets (Net)	1.388.259	1.367.919	-	-	-	20.340
Intangible Assets (Net)	40.533	2.575	-	-	-	37.958
Investment Property (Net)	-	-	-	-	-	-
Current Tax Asset	3.672	3.672	-	-	-	-
Deferred Tax Asset	191.314	191.314	-	-	-	-
Other Assets	515.360	515.360	-	-	-	-
<b>Total assets</b>	<b>69.315.799</b>	<b>64.453.016</b>	<b>13.859</b>	<b>-</b>	<b>5.417.676</b>	<b>(554.893)</b>
<b>Liabilities</b>						
Funds collected	51.613.124	-	-	-	-	51.613.124
Funds borrowed	7.301.865	-	-	-	-	7.301.865
Borrowings from money markets	2.276.453	-	-	-	-	2.276.453
Securities issued	-	-	-	-	-	-
Financial Liabilities At Fair Value Through Profit and Loss	-	-	-	-	-	-
Derivative Financial Liabilities	142.596	-	-	-	-	142.596
Lease Payables	328.395	-	-	-	-	328.395
Provisions	201.243	8.698	-	-	-	192.545
Current Tax Liability	82.968	-	-	-	-	82.968
Deferred Tax Liability	-	-	-	-	-	-
Liabilities For Assets Held For Sale and Assets of Discontinued (Net)	-	-	-	-	-	-
Subordinated Loans	1.732.562	-	-	-	-	1.732.562
Other Liabilities	1.592.366	-	-	-	-	1.592.366
Shareholders' equity	4.044.227	-	-	-	-	4.044.227
<b>Total liabilities</b>	<b>69.315.799</b>	<b>8.698</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>69.307.101</b>

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

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**X. Explanations On Risk Management (continued):**

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

Current Period		Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk <sup>(*)</sup>
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	108.955.123	66.248.210	-	90.839	8.471.001
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	9.710	-	-	-
3	<b>Total net amount within the scope of legal consolidation</b>	108.955.123	66.238.500	-	90.839	8.471.001
4	Off balance sheet amounts	27.737.356	8.171.482	-	35.136	-
5	Repo and similar transactions (**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(4.490.183)	-	-	-
<b>10</b>	<b>Risk amounts</b>	<b>136.692.479</b>	<b>69.919.799</b>	<b>-</b>	<b>125.975</b>	<b>8.471.001</b>

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

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

Prior Period		Total	Subject to credit risk	Securitisation positions	Subject to counterparty credit risk	Subject to market risk <sup>(*)</sup>
1	Carrying value of assets within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	69.315.799	64.453.016	-	13.859	5.417.676
2	Carrying value of liabilities within the scope of legal consolidation in accordance with Turkish Accounting Standard (as in template B1)	-	8.698	-	-	-
3	<b>Total net amount within the scope of legal consolidation</b>	<b>69.315.799</b>	<b>64.444.318</b>	<b>-</b>	<b>13.859</b>	<b>5.417.676</b>
4	Off balance sheet amounts	20.658.930	6.246.299	-	36.296	-
5	Repo and similar transactions (**)	-	-	-	-	-
6	Differences in valuations	-	-	-	-	-
7	Differences arising from different netting rules (other than those set out in line 2)	-	-	-	-	-
8	Differences arising from consideration of provisions	-	-	-	-	-
9	Differences arising from BRSA's applications	-	(14.631.053)	-	-	-
<b>10</b>	<b>Risk amounts</b>	<b>89.974.729</b>	<b>56.059.564</b>	<b>-</b>	<b>50.155</b>	<b>5.417.676</b>

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

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

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

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

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**X. Explanations On Risk Management (continued):**

**c. Credit risk:**

**c.1. General information on credit risk:**

**c.1.1. General qualitative information on credit risk:**

This information is already included in (II). Explanations on Credit Risk and (X.a.I) The Bank's risk management approach.

**c.1.2. Credit quality of assets:**

Current Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	3.783.237	56.395.588	3.242.278	56.936.547
2 Debt securities	-	8.956.430	25.163	8.931.267
3 Off-balance sheet exposures	152.901	20.785.811	27.275	20.911.437
<b>4 Total</b>	<b>3.936.138</b>	<b>86.137.829</b>	<b>3.294.716</b>	<b>86.779.251</b>

Prior Period	Gross carrying value in financial statements prepared in accordance with Turkish Accounting Standards (TAS)		Allowances/ amortisation and impairments	Net values
	Defaulted	Non-defaulted		
1 Loans	2.045.276	40.433.988	1.895.916	40.583.348
2 Debt securities	-	8.158.565	19.169	8.139.396
3 Off-balance sheet exposures	61.872	14.304.996	34.741	14.332.127
<b>4 Total</b>	<b>2.107.148</b>	<b>62.897.549</b>	<b>1.949.826</b>	<b>63.054.871</b>

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

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

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

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

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

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

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

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**X. Explanations On Risk Management (continued):**

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

**Aging analysis for past due receivables:**

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

	0-30 Day	31-90 Day	Total
<b>Current Period</b>	691.894	5.742.345	<b>6.434.239</b>

	0-30 Day	31-90 Day	Total
<b>Prior Period</b>	858.224	3.535.599	<b>4.393.823</b>

**Receivables that provisions are set in terms of geographical region:**

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

<sup>(\*)</sup> Represents amounts for cash loans.

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

<sup>(\*)</sup> Represents amounts for cash loans.

**c.2. Credit risk mitigation**

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

On and off balance sheet offsetting agreements are not utilized.

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

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

The credibility of guarantors is monitored and evaluated within the framework of credit revision periods.

Collaterals obtained by the Bank are reviewed and appraised in accordance with related legislation as long as the credit relationship is outstanding.

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

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

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

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**X. Explanations On Risk Management (continued):**

**c.2.2 Credit risk mitigation techniques:**

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	41.491.404	15.445.143	12.853.182	5.192.318	3.918.228	-	-
2 Debt securities	8.931.267	-	-	-	-	-	-
<b>3 Total</b>	<b>50.422.671</b>	<b>15.445.143</b>	<b>12.853.182</b>	<b>5.192.318</b>	<b>3.918.228</b>	<b>-</b>	<b>-</b>
4 Of which defaulted	1.006.082	119.112	93.182	8.158	6.793	-	-

  

Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	31.475.454	9.107.894	6.613.219	2.807.859	1.721.313	-	-
2 Debt securities	8.139.396	-	-	-	-	-	-
<b>3 Total</b>	<b>39.614.850</b>	<b>9.107.894</b>	<b>6.613.219</b>	<b>2.807.859</b>	<b>1.721.313</b>	<b>-</b>	<b>-</b>
4 Of which defaulted	622.366	174.960	75.150	2.597	1.527	-	-

**c.3. Credit risk under standardised approach:**

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

Explanations on rating grades that the banks use for calculation of credit risk by the standardised approach are mentioned in the footnote numbered (X) Explanations on Credit Risk.

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

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

Current Period		Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
<b>1</b>	<b>Risk classes</b>						
1	Receivables from central governments or central banks	19.422.851	644	19.514.846	319	-	0,00%
2	Receivables from regional or local governments	112.481	-	113.103	-	56.241	49,73%
3	Receivables from administrative units and non-commercial enterprises	19.832	54.203	19.832	24.978	35.606	79,46%
4	Receivables from multilateral development banks	-	-	-	-	-	0,00%
5	Receivables from international organizations	-	-	-	-	-	0,00%
6	Receivables from banks and brokerage houses	4.976.290	1.368.977	5.184.821	1.255.906	2.077.439	32,25%
7	Receivables from corporates	16.554.063	7.974.394	16.311.189	4.117.293	19.563.573	95,60%
8	Retail receivables	5.618.454	6.173.231	5.560.804	2.239.105	5.652.742	72,47%
9	Receivables secured by mortgages on property	2.501.573	167.213	2.501.439	58.517	908.718	35,50%
10	Receivables secured by mortgages on commercial property	6.407.952	950.619	6.407.463	471.916	3.341.111	49,09%
11	Past due receivables	621.801	-	621.801	-	672.763	108,20%
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	0,00%
13	Collateralized Securities	-	-	-	-	-	0,00%
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	0,00%
15	Investments similar to collective investment funds	-	-	-	-	-	0,00%
16	Other receivables	5.450.381	17.234	5.450.380	3.448	2.325.178	42,91%
17	Equity share investments	62.639	-	62.639	-	62.639	100,00%
<b>18</b>	<b>Total</b>	<b>61.748.317</b>	<b>16.706.515</b>	<b>61.748.317</b>	<b>8.171.482</b>	<b>34.696.010</b>	<b>49,67%</b>



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

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

Prior Period	Exposures before Credit Conversion Rate and Credit Risk Mitigation		Credit Risk Mitigation and Exposures post-Credit Conversion Rate		Risk Weighted Average and Risk Weighted Average Density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
<b>Risk classes</b>						
1 Receivables from central governments or central banks	12.075.854	1.337	12.787.975	580	96	0,00%
2 Receivables from regional or local governments	263.340	-	263.708	-	131.670	49,93%
3 Receivables from administrative units and non-commercial enterprises	50.209	46.608	50.209	21.445	59.780	83,43%
4 Receivables from multilateral development banks	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	4.093.732	516.991	4.181.635	433.589	2.218.237	48,06%
7 Receivables from corporates	18.768.696	6.492.853	18.456.695	3.592.118	21.546.786	97,72%
8 Retail receivables	5.606.373	5.011.676	5.123.747	1.843.927	5.046.352	72,43%
9 Receivables secured by mortgages on property	1.280.173	69.861	1.275.375	28.386	456.071	34,98%
10 Receivables secured by mortgages on commercial property	2.260.679	609.355	2.260.679	323.546	1.316.427	50,94%
11 Past due receivables	515.372	-	514.406	-	536.483	104,29%
12 Receivables defined in high risk category by BRSA	-	-	-	-	-	-
13 Securities collateralized by mortgages	-	-	-	-	-	-
14 Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-
15 Investments similar to collective investment funds	7.299	-	7.299	-	7.299	100,00%
16 Other receivables	4.831.541	13.538	4.831.540	2.708	1.957.562	40,49%
17 Equity share investments	59.997	-	59.997	-	59.997	100%
<b>18 Total</b>	<b>49.813.265</b>	<b>12.762.219</b>	<b>49.813.265</b>	<b>6.246.299</b>	<b>33.336.760</b>	<b>59,47%</b>

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

**c.3.3 Exposures by asset classes and risk weights:**

Current Period		35% secured by										Total risk amount (post-CCF and CRM)
	Risk Classes/Risk Weighted	0%	10%	20%	Property mortgage	50%	75%	100%	150%	250%	Others	
1	Receivables from central governments or central banks	19.514.867	-	-	-	298	-	-	-	-	-	19.515.165
2	Receivables from regional or local governments	-	-	-	-	113.103	-	-	-	-	-	113.103
3	Receivables from administrative units and non-commercial enterprises	489	-	10.894	-	-	-	33.427	-	-	-	44.810
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	1.206.229	-	3.546.949	-	430.468	-	1.257.081	-	-	-	6.440.727
7	Receivables from corporates	624.083	-	434.635	-	91.440	-	19.251.576	26.748	-	-	20.428.482
8	Retail receivables	181.125	-	230.418	-	-	7.302.726	-	85.640	-	-	7.799.909
9	Receivables secured by mortgages on property	2.954	-	4.276	2.520.147	13.536	-	19.043	-	-	-	2.559.956
10	Receivables secured by mortgages on commercial property	110.407	-	32.399	-	6.734.374	-	384	1.815	-	-	6.879.379
11	Past due receivables	95	-	15	-	198.555	-	122.446	300.690	-	-	621.801
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Collateralized Securities	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Other receivables	2.148.830	-	1.224.775	-	-	-	2.080.223	-	-	-	5.453.828
17	Equity share investments	-	-	-	-	-	-	62.639	-	-	-	62.639
18	Total	23.789.079	-	5.484.361	2.520.147	7.581.774	7.302.726	22.826.819	414.893	-	-	69.919.799

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

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

Prior Period		35% secured by										Total risk amount (post-CCF and CRM)
	Risk Classes/Risk Weighted	0%	10%	20%	Property mortgage	50%	75%	100%	150%	200%	Others	
1	Receivables from central governments or central banks	12.726.101	-	-	-	62.358	-	96	-	-	-	12.788.555
2	Receivables from regional or local governments	-	-	-	-	263.708	-	-	-	-	-	263.708
3	Receivables from administrative units and non-commercial enterprises	508	-	14.208	-	-	-	56.938	-	-	-	71.654
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	5.103	-	2.834.996	-	159.870	-	1.615.255	-	-	-	4.615.224
7	Receivables from corporates	206.881	-	326.497	-	193.654	-	21.321.781	-	-	-	22.048.813
8	Retail receivables	136.943	-	161.768	-	-	6.668.963	-	-	-	-	6.967.674
9	Receivables secured by mortgages on property	2.467	-	2.726	1.293.696	4.282	-	590	-	-	-	1.303.761
10	Receivables secured by mortgages on commercial property	-	-	-	-	2.535.596	-	48.629	-	-	-	2.584.225
11	Past due receivables	56	-	4	-	144.754	-	180.881	188.711	-	-	514.406
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	7.299	-	-	-	7.299
16	Other receivables	2.241.536	-	793.938	-	-	-	1.798.774	-	-	-	4.834.248
17	Equity share investments	-	-	-	-	-	-	59.997	-	-	-	59.997
18	Total	15.319.595	-	4.134.137	1.293.696	3.364.222	6.668.963	25.090.240	188.711	-	-	56.059.564

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

**ç. Counterparty credit risk:**

**ç.1. Qualitative disclosure on counterparty credit risk:**

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

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

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

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

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

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

**ç. Counterparty credit risk (continued):**

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

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

(\*) Effective Expected Positive Exposure

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

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

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

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

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

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

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

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

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

**ç.5. Collaterals for CCR**

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

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

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

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

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

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

**d. Information to be announced to public on Securitization:**

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

**e. Market risk**

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

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

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

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

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

**e.2 Market risk under standardised approach:**

		Current Period	Prior Period
		RWA	RWA
<b>Outright products</b>			
1	Profit rate risk (general and specific)	2.439.588	479.128
2	Equity risk (general and specific)	79.238	3.213.752
3	Foreign exchange risk	1.038.213	1.225.850
4	Commodity risk	436.096	124.107
<b>Options</b>			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
<b>9</b>	<b>Total</b>	<b>3.993.135</b>	<b>5.042.837</b>

**f. Operational risk:**

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

	2 PP Value	1 PP Value	CP Value	Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	1.594.924	1.496.532	2.234.929	1.775.462	15	266.319
Amount subject to Operational Risk (Total*12,5)						3.328.991

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

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

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

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

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

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



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

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

<b>Currency</b>	<b>Applied Shock (+/-x basis point)</b>	<b>Gains/ (Losses)</b>	<b>Gains/Equity (Losses/Equity) (%)</b>
TL	(+) 500bp	(352.883)	(5,62)
TL	(-) 400bp	328.388	5,23
USD Dollar	(+) 200bp	154.383	2,46
USD Dollar	(-) 200bp	(47.496)	(0,76)
EUR	(+) 200bp	(16.214)	(0,26)
EUR	(-) 200bp	7.572	0,12
<b>Total (For Negative Shocks)</b>	-	288.464	4,59
<b>Total (For Positive Shocks)</b>	-	(214.714)	(3,42)

**XI. 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)	(207.316)	2.229.269	1.652.034	469.647	4.143.634
Operating Expenses <sup>(*)</sup>	(1.169.238)	(2.011.697)	(790.913)	(90.344)	(4.062.192)
Operating Income/Expenses	(1.376.554)	217.572	861.121	379.303	81.442
Profit/(Loss) Before Tax	(1.376.554)	217.572	861.121	379.303	81.442
Tax Income (Expense)	-	-	-	22.961	22.961
<b>Current Year Profit/(Loss)</b>	<b>(1.376.554)</b>	<b>217.572</b>	<b>861.121</b>	<b>402.264</b>	<b>104.403</b>
<b>Total Assets</b>	<b>4.505.547</b>	<b>54.184.584</b>	<b>45.633.579</b>	<b>4.631.413</b>	<b>108.955.123</b>
<b>Total Liabilities</b>	<b>61.601.748</b>	<b>32.266.284</b>	<b>9.801.996</b>	<b>5.285.095</b>	<b>108.955.123</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)	(250.238)	2.162.095	1.021.088	174.025	3.106.970
Operating Expenses <sup>(*)</sup>	(1.018.033)	(1.428.333)	(367.547)	30.678	(2.783.235)
Operating Income/Expenses	(1.268.271)	733.762	653.541	204.703	323.735
Profit/(Loss) Before Tax	(1.268.271)	733.762	653.541	204.703	323.735
Tax Income (Expense)	-	-	-	(68.998)	(68.998)
<b>Current Year Profit/(Loss)</b>	<b>(1.268.271)</b>	<b>733.762</b>	<b>653.541</b>	<b>135.705</b>	<b>254.737</b>
<b>Total Assets</b>	<b>4.029.989</b>	<b>38.161.637</b>	<b>24.154.568</b>	<b>2.969.605</b>	<b>69.315.799</b>
<b>Total Liabilities</b>	<b>33.945.848</b>	<b>19.664.470</b>	<b>11.471.190</b>	<b>4.234.291</b>	<b>69.315.799</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 Turkey (CBRT):**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Foreign currency	158.510	1.636.898	153.161	1.304.238
CBRT	1.477.835	21.001.121	1.100.016	9.074.885
Other <sup>(*)</sup>	184.487	2.039.760	117.876	1.484.832
<b>Total</b>	<b>1.820.832</b>	<b>24.677.779</b>	<b>1.371.053</b>	<b>11.863.955</b>

<sup>(\*)</sup> Includes precious metals amounting to TL 528.804 (December 31, 2020: TL 758.583) and cash in transit amounting to TL 1.695.443 (December 31, 2020: TL 844.125) as of December 31, 2021.

**b. Information related to CBRT:**

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

<sup>(\*)</sup> As of December 31, 2021, the reserve requirement held in standard gold is TL 3.135.299 (December 31, 2020: TL 1.885.797)

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

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

As of December 31, 2021, the compulsory rates for the reserve deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 4,5% to 9,5% depending on maturity of deposits and the compulsory rates for the foreign currency liabilities are within an interval from 6,5% to 27,5% depending on maturity of deposits.

Starting from December 17, 2021 (including) reserve requirement maintenance date, remuneration rates that differ between 8,5% and 14% will be applied according to the principles explained in the Article 10 of the Reserve Requirements Implementation Instruction titled "Remuneration for reserve requirements" to increase the share of Turkish lira in the participation funds in the banking system.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic <sup>(*)</sup>	1.494.422	1.039.578	779.426	1.427.623
Abroad	-	2.762.422	-	1.206.297
Foreign head offices and branches	-	-	-	-
<b>Total</b>	<b>1.494.422</b>	<b>3.802.000</b>	<b>779.426</b>	<b>2.633.920</b>

<sup>(\*)</sup> Includes blockaged amount TL 1.480.543 (December 31, 2020: TL 764.198) booked under TL accounts arising from POS transactions.

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

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

	Current period		Prior Period	
	Unrestricted amount	Restricted amount	Unrestricted amount	Restricted amount
European Union Countries	1.060.553	-	426.757	-
USA and Canada	657.063	-	247.689	-
OECD Countries <sup>(*)</sup>	61.275	-	26.696	-
Off-shore banking regions	14.204	-	8.040	-
Other <sup>(**)</sup>	797.251	172.076	396.892	100.223
<b>Total</b>	<b>2.590.346</b>	<b>172.076</b>	<b>1.106.074</b>	<b>100.223</b>

<sup>(\*)</sup> OECD countries other than EU countries, USA and Canada.

<sup>(\*\*)</sup> Represents the balance amounts to TL 703.028 in Iraq Banks belonging to Bank's foreign branch "Erbil" (December 31, 2020: TL 330.923)

**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 December 31, 2021, nominal amounts subject to repurchase agreements is TL 993 (December 31, 2020: TL 1.451.613).

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Investment fund participation certificates (Net) <sup>(*)</sup>	1.165 <sup>(*)</sup>	-	1.606.875 <sup>(**)</sup>	-
Sukuk	1.489.895	6.850.650	542.627	3.232.684
Equity Securities	-	19.198	-	10.774
Other	1.814	19.794	86	10.946
<b>Total</b>	<b>1.492.874</b>	<b>6.889.642</b>	<b>2.149.588</b>	<b>3.254.404</b>

<sup>(\*)</sup> Includes participation certificates of "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu"

<sup>(\*\*)</sup> Includes participation certificates of real estate investment funds: "Albaraka Portföy Yönetimi A.Ş. One Tower Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Dükkan Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Batışehir Gayrimenkul Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Metropol Gayrimenkul Yatırım Fonu" and venture capital funds: "Albaraka Portföy Yönetimi A.Ş. Değer Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. İnovasyon Girişim Sermayesi Yatırım Fonu", "Albaraka Portföy Yönetimi A.Ş. Bilişim Vadisi Girişim Sermayesi Yatırım Fonu" and "Albaraka Portföy Yönetimi A.Ş. Fintech Girişim Sermayesi Yatırım Fonu".

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

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

As of December 31, 2021, there is not any amount subject to repurchase agreements (December 31, 2020: TL 163.856).

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

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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>733.943</b>	<b>1.142.096</b>
Quoted on a stock exchange	733.943	1.142.096
Unquoted	-	-
<b>Investment Funds</b>	<b>-</b>	<b>7.299</b>
Quoted on a stock exchange	-	-
Unquoted	-	7.299
<b>Share Certificates</b>	<b>24.686</b>	<b>16.864</b>
Quoted on a stock exchange	-	-
Unquoted	24.686	16.864
<b>Impairment Provision (-)</b>	<b>6.271</b>	<b>2.811</b>
<b>Total</b>	<b>752.358</b>	<b>1.163.448</b>

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

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

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

As of December 31, 2021, the collateralized/blocked nominal amount is TL 539.107 (December 31, 2020: TL 290.072)

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

	Current Period	Prior Period
Government Bonds	-	-
Treasury Bills	-	-
Other Government Securities <sup>(*)</sup>	8.103.211	3.224.800
<b>Total</b>	<b>8.103.211</b>	<b>3.224.800</b>

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

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

	Current Period	Prior Period
Debt Securities	8.103.211	3.224.800
Quoted on a stock exchange	8.103.211	3.224.800
Unquoted	-	-
Impairment provision (-)	-	-
<b>Total</b>	<b>8.103.211</b>	<b>3.224.800</b>

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

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

	Current Period	Prior Period
Balance at beginning of period	3.224.800	1.994.319
Foreign currency differences on monetary assets	2.602.268	424.544
Purchases during period <sup>(*)</sup>	3.762.132	1.740.999
Disposals through sales and redemptions <sup>(*)</sup>	(1.510.652)	(957.473)
Impairment provision (-)	-	-
Reclassifications	-	-
Income accruals	24.663	22.411
<b>Closing balance</b>	<b>8.103.211</b>	<b>3.224.800</b>

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

**5. Information on derivative financial assets**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	32.030	-	5.725	-
Swap Transactions	56.455	-	7.959	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>88.485</b>	<b>-</b>	<b>13.684</b>	<b>-</b>

The Bank has not any derivative financial assets for hedging purposes. (December 31, 2020: 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	102.174	5.591	119.171	12.696
Corporate shareholders	98.481	5.591	114.657	12.346
Real person shareholders	3.693	-	4.514	350
Indirect loans granted to shareholders	1.219.475	64.583	818.807	34.537
Loans granted to employees	20.765	39.800	16.439	2.000
<b>Total</b>	<b>1.342.414</b>	<b>109.974</b>	<b>954.417</b>	<b>49.233</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>	<b>49.825.565</b>	<b>2.267.843</b>	<b>1.701.046</b>	<b>1.727.087</b>
Export loans	3.692.880	16.226	-	-
Import loans	4.146.656	42.483	1.062	-
Business loans	21.053.122	1.684.456	1.503.531	1.722.322
Consumer loans	4.206.014	95.720	3.235	-
Credit cards	698.692	4.718	111	-
Loans given to financial sector	2.013.033	-	-	-
Other <sup>(*)</sup>	14.015.168	424.240	193.107	4.765
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>49.825.565</b>	<b>2.267.843</b>	<b>1.701.046</b>	<b>1.727.087</b>

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

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

<b>Total</b>	<b>14.637.280</b>
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<sup>(\*\*)</sup> As of December 31, 2021, the related balance represents profit and loss sharing investment projects (6 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of December 31, 2021, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 37.360 for 2021 (TL 146.893 valuation profit, TL 109.533 valuation loss) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 314.710 and valuation loss is TL 53.373 for profit and loss sharing investments.

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- I. Explanations and notes related to 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			
	Standard Loans	Not Under the Scope of Restructuring or Rescheduling	Restructured	
Cash Loans			Amendments to the Terms of Contracts	Refinancing
<b>Loans</b>	<b>36.496.372</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>
Export loans	2.135.811	7.051	-	-
Import loans	2.767.225	26.060	29.495	-
Business loans	16.728.565	1.471.553	825.171	676.532
Consumer loans	3.783.301	60.337	15.812	-
Credit cards	452.169	2.326	-	-
Loans given to financial sector	1.625.242	-	-	-
Other <sup>(*)</sup>	9.004.059	50.256	309.957	39.608
<b>Other receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>36.496.372</b>	<b>1.617.583</b>	<b>1.180.435</b>	<b>716.140</b>

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

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

(\*\*) As of December 31, 2020, the related balance represents profit and loss sharing investment projects (7 projects) which are real estate development projects in various regions of Istanbul and Ankara. Revenue sharing of profit and loss sharing investment projects is done within the framework of the signed contract between the Bank and the counterparty after the cost of the projects is clarified and net profit of projects is determined once the project/stages of the project are completed. In case the transaction subject to the profit and loss sharing investment project results in a loss, the Bank's share of loss is limited with the funds invested in the project by the Bank. As of December 31, 2020, the profit and loss sharing investments are evaluated as financial assets measured at fair value through profit or loss, and net profit amounts to TL 94.353 for 2020 (TL 97.309 valuation profit, TL 2.956 valuation loss) between the total risk of the Bank and independent valuation reports of the related projects is reflected to the profit and loss statement. Total cumulative valuation profit is TL 271.089 and valuation loss is TL 61.984 for profit and loss sharing investments.

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

Current Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	163.379	-
Significant Increase in Credit Risk	-	367.483
Prior Period	Standard Loans	Loans under close monitoring
12 Month Expected Credit Losses	159.543	-
Significant Increase in Credit Risk	-	425.114

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

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

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

<sup>(\*)</sup> Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".

<b>Cash Loans</b> <b>Prior Period</b>	<b>Standard Loans</b>	<b>Loans Under Follow-Up</b>	
		<b>Non-restructured</b>	<b>Restructured</b>
Short term loans	8.976.396	249.586	-
Medium and long-term loans <sup>(*)</sup>	27.519.976	1.367.997	1.896.575
<b>Total</b>	<b>36.496.372</b>	<b>1.617.583</b>	<b>1.896.575</b>

<sup>(\*)</sup> Loans with original maturities longer than a year are classified as "Medium and Long Term Loans".



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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:**

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

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

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**I. Explanations and notes related to 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>268.178</b>	<b>2.529.595</b>	<b>2.797.773</b>
Business loans	14.249	504.203	518.452
Vehicle loans	223.941	1.615.073	1.839.014
Consumer loans	29.988	410.319	440.307
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>43.617</b>	<b>43.617</b>
Business loans	-	37.760	37.760
Vehicle loans	-	3.068	3.068
Consumer loans	-	2.789	2.789
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>5.513</b>	<b>778.411</b>	<b>783.924</b>
Business loans	-	177.360	177.360
Vehicle loans	5.513	413.436	418.949
Consumer loans	-	187.615	187.615
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>526.903</b>	<b>2.393</b>	<b>529.296</b>
With installment	178.587	2.105	180.692
Without installment	348.316	288	348.604
<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>800.594</b>	<b>3.354.016</b>	<b>4.154.610</b>

  

<b>Prior Period</b>	<b>Short-term</b>	<b>Medium and long-term</b>	<b>Total</b>
<b>Commercial installment loans-TL</b>	<b>168.471</b>	<b>1.764.204</b>	<b>1.932.675</b>
Business loans	6.845	442.011	448.856
Vehicle loans	118.689	990.948	1.109.637
Consumer loans	42.937	331.245	374.182
Other	-	-	-
<b>Commercial installment loans-FC indexed</b>	<b>-</b>	<b>115.144</b>	<b>115.144</b>
Business loans	-	65.599	65.599
Vehicle loans	-	9.475	9.475
Consumer loans	-	40.070	40.070
Other	-	-	-
<b>Commercial installment Loans-FC</b>	<b>1.108</b>	<b>266.139</b>	<b>267.247</b>
Business loans	391	96.700	97.091
Vehicle loans	717	117.604	118.321
Consumer loans	-	51.835	51.835
Other	-	-	-
<b>Corporate credit cards-TL</b>	<b>331.662</b>	<b>872</b>	<b>332.534</b>
With installment	108.231	825	109.056
Without installment	223.431	47	223.478
<b>Corporate credit cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With installment	-	-	-
Without installment	-	-	-
<b>Overdraft account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>501.241</b>	<b>2.146.359</b>	<b>2.647.600</b>

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

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

	Current Period	Prior Period
Public	103.821	333.571
Private	55.417.720	39.676.959
<b>Total</b>	<b>55.521.541</b>	<b>40.010.530</b>

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

	Current Period	Prior Period
Domestic loans	51.950.811	37.612.791
Foreign loans	3.570.730	2.397.739
<b>Total</b>	<b>55.521.541</b>	<b>40.010.530</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Direct Loans Granted to Subsidiaries and Associates	-	-	3	-
Indirect Loans Granted to Subsidiaries and Associates	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>

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

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

Specific provisions in the amount of TL 2.658.043 (December 31, 2020: TL 1.247.950) comprise TL 973.778 (December 31, 2020: TL 441.674) of participation account share of loans provided from participation accounts.

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

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

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectable loans
<b>Current period</b>			
Gross amount before specific provisions	-	414	132.728
Restructured loans	-	414	132.728
<b>Prior Period</b>			
Gross amount before specific provisions	-	2.074	80.452
Restructured loans	-	2.074	80.452

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with</b>	<b>Loans with</b>	<b>Uncollectable</b>
<b>Current Period</b>	<b>limited</b>	<b>doubtful</b>	<b>loans</b>
	<b>collectability</b>	<b>collectability</b>	
<b>Closing balance of prior period</b>	<b>193.865</b>	<b>240.360</b>	<b>1.611.051</b>
Additions in the current period (+)	604.783	291.007	1.562.727
Transfers from other categories of non-performing loans (+)	-	237.812	343.703
Transfers to other categories of non-performing loans (-)	237.812	343.703	-
Collections in the current period (-)	32.517	56.711	373.802
Transfers to standard loans and write off(-) <sup>(*)</sup>	4.776	3.282	249.468
Dispose of (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Closing balance of the current period</b>	<b>523.543</b>	<b>365.483</b>	<b>2.894.211</b>
Provisions (-)	346.715	325.046	1.986.282
<b>Net balance at the balance sheet</b>	<b>176.828</b>	<b>40.437</b>	<b>907.929</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 8.341 and the written off amount is TL 249.185. These transactions' impact to NPL ratio is 40 basis point.

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

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

<sup>(\*)</sup> According to "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated November 27, 2019 numbered 3096, the amount which has been carried to performing loans is TL 1.172.677 and the written off amount is TL 53.145. These transactions' impact to NPL ratio is 289 basis point. The Bank has reclassified TL 1.092.914 as performing loans classified as non-performing loans before July 31,2020 by approximation. As of December 31, 2020, the Bank has continued to classify TL 603.718 of these loans in performing loans accounts and allocate provions amounting to TL 324.619 for them.

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

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

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

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

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

	<b>Group III</b>	<b>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectable loans</b>
<b>Current period (net)</b>	<b>176.828</b>	<b>40.437</b>	<b>907.929</b>
Loans to individuals and corporates (gross)	523.543	365.483	2.894.211
Provision (-)	346.715	325.046	1.986.282
<b>Loans to individuals and corporates (net)</b>	<b>176.828</b>	<b>40.437</b>	<b>907.929</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)<sup>(*)</sup></b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>
Loans to individuals and corporates (gross)	193.865	240.360	1.611.051
Specific provision (-)	133.510	92.404	1.022.036
<b>Loans to individuals and corporates (net)</b>	<b>60.355</b>	<b>147.956</b>	<b>589.015</b>
Banks (gross)	-	-	-
Specific provision (-)	-	-	-
<b>Banks (net)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other loans and receivables (gross)	-	-	-
Specific 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.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>Group IV</b>	<b>Group V</b>
	<b>Loans with limited collectibility</b>	<b>Loans with doubtful collectibility</b>	<b>Uncollectible loans</b>
<b>Current Period (Net)</b>	<b>5.330</b>	<b>21.043</b>	<b>357.066</b>
Profit Share Accruals and Valuation Differences	9.367	21.469	942.724
Provision (-)	4.037	426	585.658
<b>Prior Period (Net)</b>	<b>10.116</b>	<b>43.507</b>	<b>139.389</b>
Profit Share Accruals and Valuation Differences	17.782	48.384	264.252
Provision (-)	7.666	4.877	124.863

**i. Liquidation policy for uncollectible loans:**

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

**i. Information on write-off policies:**

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

**7. Information on lease receivables (net):**

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

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than a year	168.950	158.920	84.351	75.566
1 to 4 years	617.544	563.304	281.824	261.742
More than 4 years	106.525	98.450	27.587	22.841
<b>Total</b>	<b>893.019</b>	<b>820.674</b>	<b>393.762</b>	<b>360.149</b>

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

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

	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured	
			Loans with Revised Contract Terms	Refinancing
<b>Current Period</b>				
Financial lease receivables (Net)	774.305	38.705	7.664	-
<b>Prior Period</b>				
Financial lease receivables (Net)	338.708	2.709	18.732	-

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

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

	Current Period	Prior Period
Opening Balance	131.050	124.480
Additions	222.019	248.530
Disposals	(87.111)	(142.005)
Transfers <sup>(*)</sup>	(104.641)	(98.357)
Impairment Provision(-)/Reversal of Impairment Provision <sup>(*)</sup>	(42.339)	(1.598)
<b>Net closing balance</b>	<b>118.978</b>	<b>131.050</b>

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

As of December 31, 2021, TL 118.932 (December 31, 2020: TL 131.042) of the assets held for sale is comprised of real estates, TL 46 (December 31, 2020: TL 8) is comprised of other tangible assets. The 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 Turkey and other related regulations. The founding capital of each company is TL 50. As of December 31, 2021, the capital of each company is TL 50.

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

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

  

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

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

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

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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
52	50	-	-	-	-	-	-

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 December 31, 2021, the capital of the company is TL 45.000. The balances of Albaraka Portföy Yönetimi A.Ş. presented in the table below have been obtained from audited financial statements as of December 31, 2021.

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

Total assets	Shareholders' equity	Total fixed assets	Dividend or profit share income	Income from marketable securities	Current period profit/loss	Prior years profit/loss	Fair value
85.368	78.829	1.036	12.596	-	31.221	395	-

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

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

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

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

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

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

	<b>Current Period</b>	<b>Prior Period</b>
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	23.411	23.411

**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 unaudited financial statements as of December 31, 2021 are below.

<b>Joint-Ventures</b>	<b>The Parent Bank's shareholding percentage (%)</b>	<b>Group's shareholding percentage (%)</b>	<b>Current Assets</b>	<b>Non-Current Assets</b>	<b>Long Term Debts</b>	<b>Income</b>	<b>Expense</b>
Katılım Emeklilik ve Hayat A.Ş.	50,00	50,00	351.165	5.776.031	5.802.749	305.436	(249.542)

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:**

<b>Current period</b>	<b>Immovables<sup>(*)</sup></b>	<b>Leased tangible assets</b>	<b>Vehicles</b>	<b>Other<sup>(*)</sup></b>	<b>Assets held for sale</b>	<b>Total</b>
<b>Cost</b>						
Opening balance: January 1, 2021	876.740	-	922	365.685	555.254	1.798.601
Additions	46.985	-	18	38.885	-	85.888
Revaluation differences	185.972	-	-	-	-	185.972
Disposals	-	-	(122)	(7.762)	(190.492)	(198.376)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	27.896	27.896
Transfers	-	-	-	-	104.641	104.641
Ending balance: December 31, 2021	1.109.697	-	818	396.808	497.299	2.004.622
<b>Accumulated depreciation(-)</b>						
Opening balance: January 1, 2021	165.280	-	706	242.036	2.320	410.342
Depreciation expense	54.432	-	85	37.115	-	91.632
Reversal of depreciation of the disposed assets	-	-	(99)	(6.034)	(187)	(6.320)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2021	219.712	-	692	273.117	2.133	495.654
<b>Total cost at the end of the year</b>	<b>1.109.697</b>	<b>-</b>	<b>818</b>	<b>396.808</b>	<b>497.299</b>	<b>2.004.622</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(219.712)</b>	<b>-</b>	<b>(692)</b>	<b>(273.117)</b>	<b>(2.133)</b>	<b>(495.654)</b>
<b>Closing net book value</b>	<b>889.985</b>	<b>-</b>	<b>126</b>	<b>123.691</b>	<b>495.166</b>	<b>1.508.968</b>

<b>Prior period</b>	<b>Immovables</b>	<b>Leased tangible assets</b>	<b>Vehicles</b>	<b>Other</b>	<b>Assets Held for sale</b>	<b>Total</b>
<b>Cost</b>						
Opening balance: January 1, 2020	793.873	-	737	308.648	743.088	1.846.346
Additions	41.159	-	185	70.307	-	111.651
Revaluation differences	41.708	-	-	-	-	41.708
Disposals	-	-	-	(13.270)	(290.271)	(303.541)
Impairment losses(-)/Reversal of impairment losses	-	-	-	-	4.080	4.080
Transfers	-	-	-	-	98.357	98.357
Ending balance: December 31, 2020	876.740	-	922	365.685	555.254	1.798.601
<b>Accumulated depreciation(-)</b>						
Opening balance: January 1, 2020	112.284	-	606	214.625	2.416	329.931
Depreciation expense	52.996	-	100	56.715	-	109.811
Reversal of depreciation of the disposed assets	-	-	-	(29.304)	(96)	(29.400)
Transfers	-	-	-	-	-	-
Ending balance: December 31, 2020	165.280	-	706	242.036	2.320	410.342
<b>Total cost at the end of the year</b>	<b>876.740</b>	<b>-</b>	<b>922</b>	<b>365.685</b>	<b>555.254</b>	<b>1.798.601</b>
<b>Total accumulated depreciation at the end of the year</b>	<b>(165.280)</b>	<b>-</b>	<b>(706)</b>	<b>(242.036)</b>	<b>(2.320)</b>	<b>(410.342)</b>
<b>Closing net book value</b>	<b>711.460</b>	<b>-</b>	<b>216</b>	<b>123.649</b>	<b>552.934</b>	<b>1.388.259</b>

As of December 31, 2021, the immovables of the Bank have been revalued by an independent valuer and revaluation fund of TL 444.616 (December 31, 2020: TL 300.370) net of deferred tax and depreciation has been reflected in the financial statements. After the revaluation, the cost of the Bank's immovables amounting to TL 688.517 (December 31, 2020: TL 518.049), their amortisations amounting to TL 90.454 (December 31, 2020: TL 77.788), net carrying value is TL 598.063 (December 31, 2020: TL 440.261). As of December 31, 2021, the cost of the movables and immovable recognized as "right of use" under tangible assets accordance with "IFRS 16 Leases" standard in the balance sheet of the Bank is TL 451.424 (December 31, 2020: TL 400.880), related amortisations amounting to TL 145.415 (December 31, 2020: TL 104.546).

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

**11. Information on intangible assets:**

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

	<b>Current Period</b>	<b>Prior Period</b>
Gross book value	283.265	197.843
Accumulated depreciation (-)	200.265	157.310
<b>Total (net)</b>	<b>83.000</b>	<b>40.533</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Opening balance	<b>40.533</b>	<b>30.535</b>
Additions	75.121	29.382
Disposals (-) (net)	-	32
Depreciation expense (-)	32.654	19.352
<b>Closing net book value</b>	<b>83.000</b>	<b>40.533</b>

**12. Information on investment property:**

None (December 31, 2020: None).

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

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

As of December 31, 2021, the Bank calculated net deferred tax asset of TL 489.049 (December 31, 2020: TL 191.314) by netting off deferred tax asset of TL 631.449 (December 31, 2020: TL 277.217) and deferred tax liability of TL 142.400 (December 31, 2020: TL 85.903) on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

	<b>Current Period</b>	<b>Prior Period</b>
Rediscount on profit share and prepaid fees and commission income and unearned revenues	79.209	46.315
Provisions for retirement premium and vacation pay liabilities	30.142	28.928
Difference between carrying value and tax base of tangible assets (amortisation differences)	46.991	33.517
Depreciation of tangible assets	45.110	42.304
Provisions for cases on trial	6.811	4.037
Provisions	70.461	63.397
Leasing profit share expenses	33.226	23.098
Other <sup>(*)</sup>	319.499	35.621
<b>Deferred tax asset</b>	<b>631.449</b>	<b>277.217</b>
Revaluation difference of property	41.415	24.803
Rediscount on profit share	9.577	9.333
Right of use assets	60.625	40.006
Derivative financial liabilities	17.697	2.737
Other	13.086	9.024
<b>Deferred tax liability</b>	<b>142.400</b>	<b>85.903</b>
<b>Deferred tax asset (net)</b>	<b>489.049</b>	<b>191.314</b>

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

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

	<b>Current Period</b>	<b>Prior Period</b>
The year of 2024	42.604	42.604
The year of 2026	1.113.492	-
<b>Total</b>	<b>1.156.096</b>	<b>42.604</b>

**14. Information on other assets:**

As of the balance sheet date, the Bank's other assets balance is TL 708.621 (December 31, 2020: TL 515.360) 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	4.001.458	-	-	-	-	-	-	-	4.001.458
<b>II. Real Persons Participation Accounts Non-Trade TL</b>									
Accounts Non-Trade TL	-	3.113.067	5.518.589	161.758	-	22.416	504.010	12.734	9.332.574
<b>III. Current Account other-TL</b>	3.713.083	-	-	-	-	-	-	-	3.713.083
Public Sector	84.792	-	-	-	-	-	-	-	84.792
Commercial Institutions	3.423.994	-	-	-	-	-	-	-	3.423.994
Other Institutions	155.487	-	-	-	-	-	-	-	155.487
Commercial and Other Institutions	31.794	-	-	-	-	-	-	-	31.794
Banks and Participation Banks	17.016	-	-	-	-	-	-	-	17.016
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	17.000	-	-	-	-	-	-	-	17.000
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	840.330	1.994.941	137.709	-	12.031	167.947	120	3.153.078
Public Sector	-	10	110	-	-	-	-	-	120
Commercial Institutions	-	785.975	1.598.806	135.664	-	12.024	165.558	120	2.698.147
Other Institutions	-	54.344	321.138	2.045	-	7	2.389	-	379.923
Commercial and Other Institutions	-	1	24.445	-	-	-	-	-	24.446
Banks and Participation Banks	-	-	50.442	-	-	-	-	-	50.442
<b>V. Real Persons Current Accounts Non- Trade FC</b>	16.580.053	-	-	-	-	-	-	-	16.580.053
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	7.392.746	11.689.171	984.545	-	73.865	3.091.153	10.588	23.242.068
<b>VII. Other Current Accounts FC</b>	16.467.636	-	-	-	-	-	-	-	16.467.636
Residents in Turkey-Corporate	10.655.873	-	-	-	-	-	-	-	10.655.873
Residents Abroad-Corporate	4.369.056	-	-	-	-	-	-	-	4.369.056
Banks and Participation Banks	1.442.707	-	-	-	-	-	-	-	1.442.707
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	78	-	-	-	-	-	-	-	78
Foreign Banks	1.442.303	-	-	-	-	-	-	-	1.442.303
Participation Banks	326	-	-	-	-	-	-	-	326
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	1.255.705	4.051.953	28.420	-	29.869	34.009	2.014	5.401.970
Public sector	-	-	-	-	-	-	-	-	-
Commercial institutions	-	844.323	3.394.400	21.434	-	9.968	33.959	2.014	4.306.098
Other institutions	-	22.336	33.812	14	-	-	-	-	56.162
Commercial and Other Institutions	-	389.046	425.304	6.972	-	-	50	-	821.372
Banks and Participation Banks	-	-	198.437	-	-	19.901	-	-	218.338
<b>IX. Precious Metals Deposits</b>	5.520.205	1.015.474	2.487.785	140.218	-	43.979	128.270	8.798	9.344.729
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools – FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>46.282.435</b>	<b>13.617.322</b>	<b>25.742.439</b>	<b>1.452.650</b>	<b>-</b>	<b>182.160</b>	<b>3.925.389</b>	<b>34.254</b>	<b>91.236.649</b>

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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>1.992.760</b>	-	-	-	-	-	-	-	<b>1.992.760</b>
<b>II. Real Persons Participation Accounts Non-Trade TL</b>	-	<b>2.463.568</b>	<b>4.087.946</b>	<b>153.137</b>	-	<b>26.584</b>	<b>499.675</b>	<b>12.971</b>	<b>7.243.881</b>
<b>III. Current Account other-TL</b>	<b>2.641.808</b>	-	-	-	-	-	-	-	<b>2.641.808</b>
Public Sector	105.782	-	-	-	-	-	-	-	105.782
Commercial Institutions	2.402.259	-	-	-	-	-	-	-	2.402.259
Other Institutions	114.555	-	-	-	-	-	-	-	114.555
Commercial and Other Institutions	9.858	-	-	-	-	-	-	-	9.858
Banks and Participation Banks	9.354	-	-	-	-	-	-	-	9.354
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	2	-	-	-	-	-	-	-	2
Foreign Banks	9.338	-	-	-	-	-	-	-	9.338
Participation Banks	14	-	-	-	-	-	-	-	14
Other	-	-	-	-	-	-	-	-	-
<b>IV. Participation Accounts-TL</b>	-	<b>455.400</b>	<b>3.016.812</b>	<b>32.117</b>	-	<b>8.231</b>	<b>74.024</b>	-	<b>3.586.584</b>
Public Sector	-	27	108	-	-	-	-	-	135
Commercial Institutions	-	383.245	2.756.996	25.207	-	7.715	70.716	-	3.243.879
Other Institutions	-	71.921	258.159	6.910	-	516	3.308	-	340.814
Commercial and Other Institutions	-	207	1.521	-	-	-	-	-	1.728
Banks and Participation Banks	-	-	28	-	-	-	-	-	28
<b>V. Real Persons Current Accounts Non- Trade FC</b>	<b>6.905.657</b>	-	-	-	-	-	-	-	<b>6.905.657</b>
<b>VI. Real Persons Participation Accounts Non-Trade FC</b>	-	<b>3.833.633</b>	<b>6.121.582</b>	<b>554.465</b>	-	<b>33.262</b>	<b>1.521.954</b>	<b>5.708</b>	<b>12.070.604</b>
<b>VII. Other Current Accounts FC</b>	<b>8.115.898</b>	-	-	-	-	-	-	-	<b>8.115.898</b>
Residents in Turkey- Corporate	5.966.305	-	-	-	-	-	-	-	5.966.305
Residents abroad- Corporate	1.657.861	-	-	-	-	-	-	-	1.657.861
Banks and Participation Banks	491.732	-	-	-	-	-	-	-	491.732
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	485.345	-	-	-	-	-	-	-	485.345
Participation Banks	6.387	-	-	-	-	-	-	-	6.387
Other	-	-	-	-	-	-	-	-	-
<b>VIII. Participation Accounts other- FC</b>	-	<b>691.876</b>	<b>2.067.408</b>	<b>57.440</b>	-	<b>14.922</b>	<b>19.547</b>	<b>983</b>	<b>2.852.176</b>
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Institutions	-	578.194	1.863.815	51.626	-	7.183	16.155	983	2.517.956
Other Institutions	-	19.257	38.631	8	-	-	-	-	57.896
Commercial and Other Institutions	-	94.425	164.962	5.806	-	-	71	-	265.264
Banks and Participation Banks	-	-	-	-	-	7.739	3.321	-	11.060
<b>IX. Precious Metals Deposits</b>	<b>3.503.252</b>	<b>730.043</b>	<b>1.795.960</b>	<b>85.342</b>	-	<b>14.686</b>	<b>73.309</b>	<b>1.164</b>	<b>6.203.756</b>
<b>X. Participation Accounts Special Fund Pools TL</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>XI. Participation Accounts Special Fund Pools -FC</b>	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>23.159.375</b>	<b>8.174.520</b>	<b>17.089.708</b>	<b>882.501</b>	-	<b>97.685</b>	<b>2.188.509</b>	<b>20.826</b>	<b>51.613.124</b>



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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	6.207.822	4.996.232	7.126.212	4.241.399
Foreign currency accounts	8.600.262	6.815.438	38.238.727	17.579.364
Foreign branches' deposits subject to foreign authorities' insurance	-	-	-	-
Off-shore deposits under foreign authorities' insurance	-	-	-	-

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

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

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

	Current Period	Prior Period
Foreign Branches' Profit Sharing Accounts and Other Accounts	312.319	101.643
Profit Sharing Accounts and Other Accounts of Controlling Shareholders and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	-	-
Profit Sharing Accounts and Other Accounts of Chairman and Members of Board Of Directors or Managers, General Manager and Assistant General Managers and Profit Sharing Accounts and Other Accounts of Their Mother, Father, Spouse, and Children in Care	39.825	17.468
Profit Sharing Accounts and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in article 282 of Turkish Criminal Law no:5237 dated 26.09.2004	-	-
Profit Sharing Accounts in Participation Banks Established in Turkey in order to engage solely in Off-Shore Banking Activities	-	-

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

**2. Information on borrowings:**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Syndication Loans	-	-	-	-
Wakala Loans	-	1.249.451	-	2.211.237
Loans Obtained from Issued Lease Certificates (Sukuk)	4.109.766	-	4.242.982	-
Other	58.621	841.377	71.776	775.870
<b>Total</b>	<b>4.168.387</b>	<b>2.090.828</b>	<b>4.314.758</b>	<b>2.987.107</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from CBRT	-	-	-	-
Loans from domestic banks and institutions	4.168.387	465.339	4.314.758	392.353
Loans from foreign banks, institutions and funds	-	1.625.489	-	2.594.754
<b>Total</b>	<b>4.168.387</b>	<b>2.090.828</b>	<b>4.314.758</b>	<b>2.987.107</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	4.041.603	2.007.533	4.284.444	2.754.315
Medium and Long-Term	126.784	83.295	30.314	232.792
<b>Total</b>	<b>4.168.387</b>	<b>2.090.828</b>	<b>4.314.758</b>	<b>2.987.107</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, 2020: None).

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

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

The Bank has not any derivative financial liabilities for hedging purposes (December 31, 2020: 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	4.631	-	4.449	-
1 to 5 years	108.401	-	103.519	714
Over 5 years	214.808	21.774	206.716	12.997
<b>Total</b>	<b>327.840</b>	<b>21.774</b>	<b>314.684</b>	<b>13.711</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 130.282 (December 31, 2020: TL 120.932), vacation pay liability amounting to TL 17.764 (December 31, 2020: TL 13.709) totaling to TL 148.046 (December 31, 2020: TL 134.641). Provisions for performance premium have not been allocated in the current period (December 31, 2020: TL 10.000). 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 (%)	14,50	12,40
Estimated increase rate of salary ceiling (%)	10,00	10,70

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

	Current Period	Prior Period
Prior period ending balance	120.932	85.961
Allocation the in period	25.300	20.400
Actuarial (gain)/loss	(15.950)	14.571
<b>Balance at the end of the period</b>	<b>130.282</b>	<b>120.932</b>

**b. Other provisions:**

	Current Period	Prior Period
Non-cash loans first and second stage expected loss provisions	16.435	26.446
Provisions allocated from profit shares to be distributed to profit sharing accounts	2.957	-
Third stage expected loss provisions for unindemnified letter of guarantees	3.881	4.578
Third stage expected loss provisions for cheques commitments	4.002	3.717
Provisions for promotions related with credit cards and promotion of banking services	283	217
Provisions for cases on trial	34.057	20.183
Accrual for purchase and sale commitments	1.583	725
Free provisions allocated for possible losses	100.000	-
Other	834	736
<b>Total</b>	<b>164.032</b>	<b>56.602</b>

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

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**II. Explanations and notes related to 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 December 31, 2021, there is not any provision for foreign exchange losses on foreign currency indexed loans and financial lease receivables (December 31, 2020: TL 1.325).

**6. Information on taxes payable:**

**a. Explanations on current tax liability**

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

As of December 31, 2021, the Bank has remaining tax liability after offsetting prepaid corporate tax amount to TL 18.614 (December 31, 2020: TL 10.912).

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

	Current Period	Prior Period
Corporate taxes payable	18.614	10.912
Banking insurance transaction tax	26.333	28.030
Taxation on securities income	18.094	14.122
Value added tax payable	3.224	1.673
Taxation on real estate income	1.371	548
Foreign exchange transaction tax	17.031	3.153
Income tax deducted from wages	14.432	10.482
Other	2.611	1.128
<b>Total</b>	<b>101.710</b>	<b>70.048</b>

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

	Current Period	Prior Period
Social security premiums-employee	6.708	5.568
Social security premiums-employer	7.366	6.164
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	478	396
Unemployment insurance-employer	956	792
Other	-	-
<b>Total</b>	<b>15.508</b>	<b>12.920</b>

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

None (December 31, 2020: None).

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in calculation of additional Tier I Capital	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in calculation of Tier II Capital	-	3.119.354	-	1.732.562
Subordinated loans	-	3.119.354	-	1.732.562
Subordinated debt instruments	-	-	-	-
<b>Total</b>	<b>-</b>	<b>3.119.354</b>	<b>-</b>	<b>1.732.562</b>

The Bank has obtained subordinated loan on November 30, 2015 from the investors not resident in Turkey through its structured entity Albaraka Sukuk Limited amounting to USD 250.000.000 with 10 years maturity with a grace period of 5 years. The profit rate of the subordinated loan with grace period of 5 years with 10 years total maturity was determined as 10,50 % for the first 5 years and 9.371% for the last 5 years (from May 2021). The Bank has repurchased the sukuk issued in the amount of USD 16.051.000 and this amount is offset in financial assets measured at fair value through other comprehensive income and subordinated loans.

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

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

None (December 31, 2020: None).

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

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

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

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

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

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

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

There is no capital increase in the current period.

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**I. 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>	11.641	6.760	(1.500)	5.308
Foreign exchange difference	-	-	-	-
<b>Total</b>	<b>11.641</b>	<b>6.760</b>	<b>(1.500)</b>	<b>5.308</b>

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

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

The Bank has evaluated its unmatured sukuk transaction as non monetary item as per TAS 32 which is issued by "Bereket One Ltd" quoted at Ireland Stock Exchange amount to USD 205.000.000 (historical cost is TL 775.720) and compatible with Basel III criteria. In addition to this evaluation, considering BRSA's approval to add it to additional Tier 1 capital dated February 20, 2018, the Bank recognized it in shareholders' equity under "other capital reserves" on historical cost. The settlement date of the sukuk transaction is February 20, 2023 and its yearly cost is 10% with every six-month payment. The Bank has option to cancel the expense amounts. If the Bank uses this option, 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 468.589 (December 31, 2020: TL 310.576) 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	1.059.919	919.974
Payment commitments for cheques	834.732	667.621
Asset purchase and sale commitments	927.624	1.209.072
Loan granting commitments	655.296	429.887
Tax and funds liabilities arising from export commitments	17.234	13.538
Commitments for promotions related with credit cards and banking activities	555	398
Other irrevocable commitments	552	547
Other revocable commitments	39.500	4.000
<b>Total</b>	<b>3.535.412</b>	<b>3.245.037</b>

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

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

	Current Period	Prior Period
Letters of guarantees	12.371.236	9.202.929
Bank loans	99.278	49.363
Letters of credit	4.898.399	1.770.792
Other guaranties and sureties	34.387	98.747
<b>Total</b>	<b>17.403.300</b>	<b>11.121.831</b>

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

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

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

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

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

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

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

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

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



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

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

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

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

**2. Explanations on derivative transactions:**

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

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

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

The Bank has made a provision amounting to TL 34.057 (December 31, 2020: TL 20.183), as presented under "Other Provisions" note in Section Five Note II.5.b, for the lawsuits opened by various real persons and legal entities against the Bank with high probability of realization and cash outflows. Although there are other ongoing lawsuits against the Bank, the Bank considers the probability of a negative result in ongoing litigations resulting in cash outflows as remote.

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

The 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	889.366	200.080	491.018	126.555
Medium and Long Term Loans <sup>(**)</sup>	2.173.463	785.728	1.578.454	735.265
Profit Share on Non-Performing Loans	121.382	5.838	129.976	4.095
Premiums Received from Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>3.184.211</b>	<b>991.646</b>	<b>2.199.448</b>	<b>865.915</b>

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

<sup>(\*\*)</sup> Includes TL 146.893 as fair value profit from profit and loss sharing investments. (December 31, 2020: TL 97.309).

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit/loss	123.911	111.756	55.325	47.135
Financial assets measured at fair value through other comprehensive income	100.431	33.898	101.995	71.505
Financial assets measured at amortised cost	107.823	194.687	114.405	82.555
<b>Total</b>	<b>332.165</b>	<b>340.341</b>	<b>271.725</b>	<b>201.195</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	34.438	-	6.338	-
<b>Total</b>	<b>34.438</b>	<b>-</b>	<b>6.338</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						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	-	780	2.420	-	-	-	-	3.200	
Real persons' non-trading profit sharing accounts	357.644	572.616	18.051	-	3.324	64.908	1.449	1.017.992	
Public sector profit sharing accounts	3	1	-	-	-	-	-	4	
Commercial sector profit sharing accounts	78.780	410.641	25.908	-	32.533	6.101	2	553.965	
Other institutions profit sharing accounts	8.718	55.325	448	-	48	330	-	64.869	
Total	445.145	1.039.363	46.827	-	35.905	71.339	1.451	1.640.030	
FC									
Funds collected from banks through current and profit sharing accounts	389	4.069	-	-	193	49	-	4.700	
Real persons' non-trading profit sharing accounts	49.994	86.700	8.822	-	734	31.855	62	178.167	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	7.175	47.027	1.817	-	3.878	313	21	60.231	
Other institutions profit sharing accounts	1.464	2.380	106	-	-	-	-	3.950	
Precious metals deposits	1.556	5.223	321	-	170	512	17	7.799	
Total	60.578	145.399	11.066	-	4.975	32.729	100	254.847	
Grand total	505.723	1.184.762	57.893	-	40.880	104.068	1.551	1.894.877	
Prior Period		Profit sharing accounts						Accumulated profit sharing account	Total
Account name	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	More than 1 year			
TL									
Funds collected from banks through current and profit sharing accounts	-	3	315	-	-	-	-	318	
Real persons' non-trading profit sharing accounts	224.930	421.278	16.651	-	2.892	44.431	1.097	711.279	
Public sector profit sharing accounts	4	7	-	-	-	-	-	11	
Commercial sector profit sharing accounts	39.554	176.119	8.873	-	3.472	4.994	-	233.012	
Other institutions profit sharing accounts	3.225	16.576	241	-	44	282	-	20.368	
Total	267.713	613.983	26.080	-	6.408	49.707	1.097	964.988	
FC									
Funds collected from banks through current and profit sharing accounts	1.102	3.430	2.184	-	73	13	-	6.802	
Real persons' non-trading profit sharing accounts	32.594	53.960	5.110	-	367	17.329	27	109.387	
Public sector profit sharing accounts	-	-	-	-	-	-	-	-	
Commercial sector profit sharing accounts	5.497	24.494	852	-	70	193	8	31.114	
Other institutions profit sharing accounts	588	2.601	123	-	-	1	-	3.313	
Precious metals deposits	652	2.068	73	-	22	120	1	2.936	
Total	40.433	86.553	8.342	-	532	17.656	36	153.552	
Grand total	308.146	700.536	34.422	-	6.940	67.363	1.133	1.118.540	

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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	289	48.500	297	57.821
CBRT	-	-	-	-
Domestic banks	-	1.919	-	3.240
Foreign banks	289	46.581	297	54.581
Head offices and branches abroad	-	-	-	-
Other institutions	950.925	261.130	323.240	195.011
<b>Total</b>	<b>951.214</b>	<b>309.630</b>	<b>323.537</b>	<b>252.832</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	941.694	-	315.508	-
<b>Total</b>	<b>941.694</b>	<b>-</b>	<b>315.508</b>	<b>-</b>

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

None (December 31, 2020: 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:**

<b>Other Fees and Commissions Received</b>	<b>Current Period</b>	<b>Prior Period</b>
Member firm-POS fees and commissions	71.518	46.235
Clearing room fees and commissions	75.188	37.569
Commissions on money orders	58.764	31.393
Appraisal fees	16.580	17.014
Insurance and brokerage commissions	28.422	26.472
Checks and bills commissions	4.910	3.481
Safe deposit box commissions	3.312	2.616
Advocacy service commissions and counsel fee	8.517	5.282
Service pack commissions	15.345	8.126
Enquiry fees received	2.315	3.203
Fees and commissions from correspondent banks	4.377	3.272
Export credit commissions	9.559	7.767
Prepaid import commissions	47.128	20.617
Pledge Put and Mortgage Release Fees	3.209	3.827
Loan Limit Allocation Fees	22.474	14.910
Other	44.856	34.898
<b>Total</b>	<b>416.474</b>	<b>266.682</b>

<b>Other Fees and Commissions Paid</b>	<b>Current Period</b>	<b>Prior Period</b>
Funds borrowed fees and commissions	9.551	8.099
Credit cards fees and commissions	36.762	25.872
Member firm-POS fees and commissions	37.955	29.016
Fees and commissions for Swift, EFT and money orders	71.204	22.534
Required Reserves Commissions for CBRT in Foreign currency	1.504	58.815
Other	18.941	16.778
<b>Total</b>	<b>175.917</b>	<b>161.114</b>

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

**4. Information on dividend income:**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
<b>Income</b>	<b>46.453.647</b>	<b>23.875.049</b>
Income from capital market transactions	140.505	117.442
Income from derivative financial instruments	241.653	74.655
Foreign exchange income	46.071.489	23.682.952
<b>Loss (-)</b>	<b>46.317.420</b>	<b>23.608.165</b>
Loss on capital market transactions	213.439	42.537
Loss on derivative financial instruments	471.127	216.783
Foreign exchange losses	45.632.854	23.348.845
<b>Trading Income/Loss (net)</b>	<b>136.227</b>	<b>266.884</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Reversal of prior year provisions	944.571	460.353
Income from sale of assets	150.670	72.753
Communication revenue	23.337	15.166
Cheque book charges	3.044	2.204
Operating Lease Income	10.592	2.962
Other income	10.717	8.621
<b>Total</b>	<b>1.142.931</b>	<b>562.059</b>

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

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

	Current Period	Prior Period
<b>Expected Credit Loss</b>	<b>1.575.273</b>	<b>1.122.267</b>
12 month expected credit loss (stage 1)	59.313	75.144
Significant increase in credit risk (stage 2)	241.260	349.669
Non-performing loans (stage 3)	1.274.700	697.454
<b>Marketable Securities Impairment Expense</b>	-	-
Financial Assets Measured at Fair Value through Profit/Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
<b>Impairment Provision for Associates, Subsidiaries and Joint Ventures</b>	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
<b>Other (*)</b>	<b>136.070</b>	<b>37.488</b>
<b>Total</b>	<b>1.711.343</b>	<b>1.159.755</b>

Expected credit losses amount to TL 1.711.343 (December 31, 2020: TL 1.159.755) includes TL 650.124 (December 31, 2020: TL 496.047) representing participation account share of expected credit losses of loans provided from participation accounts.

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

	Current Period	Prior Period
Expected credit losses for 1st and 2nd group non-cash loans	3.607	15.581
Third stage expected loss provision for unindemnified non cash loans	-	627
Expected credit losses (stage 1) for banks	22.111	18.035
Profit and loss sharing investments' fair value provision.	109.533	2.956
Expected credit losses (stage 1) for other financial assets.	726	289
Expected credit losses for financial assets measured at amortized cost	93	-
Vacation pay provision expenses(**)	4.055	10.439
Provisions allocated for financial assets measured at fair value through profit/loss (**)	3.393	10.383
Provisions for cases on trial (**)	13.874	4.528
Free provisions allocated for possible losses(**)	100.000	-
Provisions allocated from profit shares to be distributed to profit sharing accounts(**)	2.604	616
<b>Total</b>	<b>259.996</b>	<b>63.454</b>

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

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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	-	12.329
Deficit provision for pension fund	-	-
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	116.920	109.811
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	32.654	19.352
Impairment provision for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	1	-
Depreciation expenses of assets to be disposed	-	-
Impairment expenses of assets held for sale and assets of discontinued operations	46.769	1.745
Other business expenses	194.703	181.376
Leasing Expenses on TFRS 16 Exceptions	6.079	1.659
Maintenance and repair expenses	36.317	32.224
Advertisement expenses	9.819	6.461
Other expenses <sup>(*)</sup>	142.488	141.032
Loss on sale of assets	1.062	1.763
Other <sup>(**)</sup>	262.303	210.108
<b>Total</b>	<b>654.412</b>	<b>536.484</b>

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

	Current Period	Prior Period
Communication Expenses	37.875	26.862
Donations	8.133	14.078
Cleaning expenses	22.897	23.128
Heating, lighting and water expenses	16.290	15.359
Representation and Hosting expenses	10.200	9.030
Vehicle expenses	6.568	5.256
Lawsuit and court expenses	3.783	2.712
Movables Insurance Expenses	4.837	5.099
Stationery Expenses	4.641	2.865
Expense Share for Common Expenses	2.514	2.826
Group transportation costs	9.939	7.836
Other	14.811	25.981
<b>Total</b>	<b>142.488</b>	<b>141.032</b>

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

	Current Period	Prior Period
Saving Deposit Insurance Fund	120.296	106.174
Taxes, Duties, Charges and Funds	82.365	58.240
Expertise and Information Expenses	21.888	21.756
Audit and Consultancy Fees	13.211	11.059
Institution and Union participation share	13.201	11.209
Other	11.342	1.670
<b>Total</b>	<b>262.303</b>	<b>210.108</b>



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

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

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

  

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

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

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

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

The Bank's income before tax decreased by 74,84% compared to prior period and is realized as TL 81.442 (31 December 2020: TL 323.735). Income before tax comprises net profit share income in the amount of TL 1.693.362 (December 31, 2020: TL 1.705.620) and fees and commission income in the amount of TL 405.756 (December 31, 2020: TL: 233.567). Total other operating expenses amount to TL 654.412 (December 31, 2020: TL 536.484).

**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 December 31, 2021, the Bank has deferred tax income amounts to TL 688.099 (December 31, 2020: TL 308.493) and deferred tax expense amounts to TL 646.524 (December 31, 2020: TL 366.579). Current tax provision amounts to TL 18.614 (December 31, 2020: TL 10.912).

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

The Bank has no discontinued operations. Net income for the period has been realized as TL 81.442 (December 31, 2020: TL: 323.735) by adding tax income amounting to TL 22.961 (December 31, 2020: TL 68.998) from profit from continued operations amounting to TL 104.403 (December 31, 2020: TL 254.737).

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

**12. Explanations on net income/loss:**

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

- a) There is no declaration of dividends made subsequent to the balance sheet date, and prior to the announcement of the financial statements.

Decision related to the dividend distribution will be taken in the General Assembly. General Assembly has not been held as of the date of finalization of the accompanying financial statements.

- b) "Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets measured at fair value through other comprehensive income are recognized in the "Accumulated Other Comprehensive Income or Expenses that will be Reclassified to Profit or Loss" account under equity, until the financial assets are sold, disposed of or impaired at which time they are transferred to the statement of income. TL 18.045 increase (before deferred tax) has occurred after the revaluation of financial assets measured at fair value through other comprehensive income (December 31, 2020: TL 32.582 decrease).
- c) Revaluation amounts related to tangible and intangible assets are accounted under equity in revaluation reserve on tangible assets and revaluation reserve on intangible assets.
- d) Foreign exchange differences arising from translation of income statement of foreign branch of the Bank are accounted in other capital reserves amounts to TL 205.376 as increase. (December 31, 2020: TL 19.695 increase).

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

**1. Components of cash and cash equivalents and accounting policy applied in their determination:**

“Cash” is defined as cash in vault and foreign currency cash, money in transit, cheques purchased, unrestricted balance with the Central Bank and demand deposits at banks. “Cash equivalents” is defined as money market placements and time deposits at banks with original maturities less than three months.

**(a) Cash and cash equivalents at the beginning of the period:**

	Current Period	Pior Period
<b>Cash</b>	<b>5.406.129</b>	<b>4.027.884</b>
Cash in TL/foreign currency	1.457.399	1.022.107
Cash in transit	844.125	558.717
CBRT	3.104.605	2.447.060
<b>Cash equivalents</b>	<b>2.649.148</b>	<b>3.154.582</b>
Domestic banks	1.442.851	910.035
Foreign banks	1.206.297	2.244.547
<b>Total cash and cash equivalents</b>	<b>8.055.277</b>	<b>7.182.466</b>

**(b) Cash and cash equivalents at the end of the period:**

	Current Period	Prior Period
<b>Cash</b>	<b>10.090.678</b>	<b>5.406.129</b>
Cash in TL/foreign currency	1.795.408	1.457.399
Cash in transit	1.695.443	844.125
CBRT	6.599.827	3.104.605
<b>Cash equivalents</b>	<b>3.815.879</b>	<b>2.649.148</b>
Domestic banks	1.053.457	1.442.851
Foreign banks	2.762.422	1.206.297
<b>Total cash and cash equivalents</b>	<b>13.906.557</b>	<b>8.055.277</b>

**2. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations:**

Restricted time deposits held at the Central Bank of Turkey and blockaged amount arising from POS are not considered as cash and cash equivalent items.

**3. Explanation about other cash flow items and the effect of the changes in foreign exchange rates on cash and cash equivalents:**

The “Others” item under “Operating profit before changes in operating assets and liabilities” amounting to TL (675.534) (December 31, 2020: TL 192.578) mainly comprises other operating expenses excluding personnel expenses and amortization expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 1.345.755 (December 31, 2020: TL (233.974)) mainly comprises changes in miscellaneous payables, other liabilities and taxes and other duties payable.

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately as TL 3.140.562 as of December 31, 2021 (December 31, 2020 TL 336.393).

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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	53	818.807	34.537	187	-
Balance at the end of the period	90	62	1.219.475	64.583	52	-
<b>Profit share and commission income received</b>	-	-	<b>36.243</b>	<b>183</b>	-	-

**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	53	5	632.926	27.308	27	-
Balance at end of period	6	53	818.807	34.537	187	-
<b>Profit share and commission income received</b>	-	-	<b>55.909</b>	<b>216</b>	<b>12</b>	-

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

**c.1. Information on current and profit sharing accounts of the 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	35.342	20.935	271.125	831.442	12.518	11.073
Balance at the end of period	15.374	35.342	688.843	271.125	28.403	12.518
<b>Profit share expense</b>	<b>2</b>	<b>452</b>	<b>3</b>	<b>2.511</b>	<b>117</b>	<b>239</b>

<sup>(\*)</sup> As of December 31, 2021, wakala borrowings obtained from risk group of the Bank through investment purpose wakala contracts amount to USD 42.837.711 and EUR 21.600.000 (December 31, 2020: USD 52.297.028 and EUR 146.469.895). The profit share expense relating to such borrowings for the period between January 1, 2021 – December 31, 2021 is TL 19.896 (December 31, 2020: TL 9.581).

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

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

- 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 December 31, 2021, the Bank has paid TL 21.695 (December 31, 2020: TL 15.654) to top management.

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

- 1. Information on the domestic and foreign branches and representative offices of the Bank:**

	Number	Number of Personnel			
Domestic Branches	229	2.900			
			<b>Country</b>		
Foreign Representation Office	-	-	-		
				<b>Total Assets (Thousand TL)</b>	<b>Statutory Share Capital</b>
Foreign Branches	2	18	Iraq	1.677.840	USD 50.000.000
Off-Shore Branches	-	-	-	-	-

- 2. Information on the Bank's branch or representative office openings, closings, significant changes in the organizational structure:**

The Bank has opened 1 domestic branch ( digital branch) in 2021. The Bank has not opened any branch abroad in 2021.

**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.

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**SECTION SIX**

**Independent auditor’s report**

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

The Bank’s unconsolidated financial statements as of and for the period ended December 31, 2021 have been audited by “Gney Bağımsız Denetim ve Serbest Muhasebeci Mali Mavirlik A..” (the member of the Ernst & Young Global Ltd.) and the audit report dated February 25, 2022 is presented at the beginning of the financial statements and related notes.

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

None.