



PARTICIPATION BANKS 2018

FOLLOW PARTICIPATION BANKING

Follow our social media accounts
for all the information on
participation banking.



/tkbborgtrEn
 /ParticipationBanksAssociation
 /company/participationbanksassociation/

www.tkbb.org.tr



ESTABLISHED IN
2002

MEMBERS
Participation banks operating in Turkey

CHAIRMAN
Metin ÖZDEMİR
Ziraat Katılım Bankası A.Ş.

BOARD MEMBERS
Albaraka Türk Katılım Bankası A.Ş.
Türkiye Emlak Katılım Bankası A.Ş.
Kuveyt Türk Katılım Bankası A.Ş.
Türkiye Finans Katılım Bankası A.Ş.
Vakıf Katılım Bankası A.Ş.
Ziraat Katılım Bankası A.Ş.

SECRETARY GENERAL
Osman AKYÜZ

AUDITORS
Süleyman SAYGI-İsmail GERÇEK

HEAD OFFICE
Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi
Akofis Park C Blok No: 8 Kat: 8
34768 Ümraniye/İstanbul

PHONE
+90 216 636 95 00 (PBX)

FAX
+90 216 636 95 49

E-MAIL
bilgi@tkbb.org.tr

WEBSITE
www.tkbb.org.tr



CONTENTS

PARTICIPATION BANKS ASSOCIATION OF TURKEY IN BRIEF

The Participation Banks Association of Turkey (TKBB), headquartered in Istanbul and established in accordance with the Banking Act, is a professional public institution of legal personality.

The foundations of the TKBB, the umbrella organization of the participation banks operating in Turkey, were laid in 2001 by the Association of Special Finance Institutions.

The title of the Association was amended as Participation Banks Association of Turkey in 2005.

The aim of the TKBB is to defend the rights and interests of participation banks within the framework of a free market economy and the principle of full competition in accordance with banking regulations, principles and rules, to work for the healthy growth of the banking system and development of the banking profession, increase competitiveness, ensure that necessary decisions are

taken, implemented and demand to be implemented for the creation of a competitive environment.

In accordance with the legislation, a participation bank is required to be a member of the Participation Banks Association of Turkey within one month of being granted an operating license.

Six participation banks operating in Turkey as of April 2019 are members of the TKBB.



PARTICIPATION BANKING KEY INDICATORS

FUNDS COLLECTED

TL **137,220**
million

FUNDS ALLOCATED

TL **124,531**
million

TOTAL ASSETS

TL **206,806**
million

SHAREHOLDERS' EQUITY

TL **16,796**
million

NUMBER OF PERSONNEL

15,654

NUMBER OF BRANCHES

1,122

*Key indicators of 5 members of the Participation Banks Association of Turkey (TKBB) (As of 31 December 2018)
Source: The Banking Regulation and Supervision Agency (BRSA)

BOARD OF DIRECTORS



METİN ÖZDEMİR
CHAIRMAN

Metin Özdemir graduated from the Faculty of Business Administration, Istanbul University in 1990. He started his career at Kuveyt-Türk Finans Kurumu A.Ş. in 1992, and worked as a manager in the wholesale sector as of 1996. Mr. Özdemir was a Council Member at Istanbul Metropolitan Municipality between the years 2004 and 2014. He joined Ziraat Bank in April 2012 as a Member of the Board of Directors and also served as a member of the Bank's Remuneration Committee and as an alternate member of the Credit Committee. Mr. Özdemir has been a member of the Ziraat Participation Bank Board of Directors, Audit and Remuneration Committees since February 18, 2015 and was appointed as the General Manager of Ziraat Participation Bank on 12 June, 2017.



İKRAM GÖKTAŞ
MEMBER OF THE BOARD OF DIRECTORS

Mr. Göktaş, born in 1969 in Bitlis, Mutki, graduated from Ankara University Faculty of Political Sciences, Business Administration Department. He worked as an auditor at Garanti Bank between 1992-1997, Assistant Manager at Istanbul Branch between 1997-1999, Branch Manager at Çorum between 1999-2000 and was the Executive Vice President at Türkiye Finans Katılım Bankasi between 2009-2015. Mr. Göktaş has been a member of the Board, member of the Credit Committee, member of the Corporate Governance Committee and General Manager at Vakıf Participation Bank since October 2015. He is married with 3 children.



MELİKŞAH UTKU
MEMBER OF THE BOARD OF DIRECTORS

Mr. Utku was born in Ankara in 1968. He graduated from Mechanical Engineering Department of Boğaziçi University (Istanbul, 1990). He completed his graduate studies in London School of Economics (1990-1992) and Master's Degree on economic development in Marmara University (Istanbul, 1998). In 2004, he served as consultant to General Manager of Albaraka Türk and in 2006-2007, he was head economist in the same bank. In 2006- 2007, he was head economist in Albaraka Türk. In addition, he was an economics columnist for Yeni Şafak newspaper for over 10 years (1995-2009). He later worked as Investor Relations Manager from 2007-2009. He continued as CIO-Assistant General Manager in December 2009 and was appointed as CFO-primarily responsible for Financial Affairs, Budget and Financial Reporting and Corporate Communication Departments. He was a board member of Borsa Istanbul from 2013 to 2016. As the General Manager of Albaraka Türk as of October 2016 Utku continued his duty, as well as Chairman of the Board of Directors of Participation Banks Association of Turkey (TKBB), Bereket Varlık Kiralama A.Ş., Albaraka Gayrimenkul Portföy Yönetimi A.Ş., Katılım Emeklilik ve Hayat A.Ş. He also serves as member of the Credit Committee, Remuneration Committee, and Executive Committee of Albaraka Türk.



UFUK UYAN
MEMBER OF THE BOARD OF DIRECTORS

Born in Eskişehir in 1958, Ufuk Uyan graduated from Boğaziçi University, Department of Economics in 1981 and received a Master's degree from the Department of Business Administration at the same university in 1983. After beginning his professional career as a Research Assistant at Boğaziçi University, Department of Economics in 1979, he served as a Research Economist at the Turkish Industrial Development Bank's Directorate of Special Research in 1982. Mr. Uyan became a Deputy Project Manager at Albaraka Türk in 1985 and joined Kuveyt Türk as the Director of Projects and Investments in 1989. He was appointed as Executive Vice President in 1993 and later Executive Assistant to the CEO. Ufuk Uyan has been the Bank's CEO since 1999 and also serves as Member of the Board of Directors, Executive Committee, Remuneration Committee, Credit Committee and Assets and Liabilities Committee.



WAEI ABDULAZİZ A. RAİES
MEMBER OF THE BOARD OF DIRECTORS

Born in 1972 in Makkah, Saudi Arabia. Earned a degree in Electrical Engineering in 1996 from King Fahd University of Petroleum & Minerals and Master's degree in Business Administration in 2004 at King Saud University. Joined Schulmberger Wire line & Testing (Oil Services) in 1996 as a Field Engineer operating in different geographical locations both off-shore and on-shore reaching the Engineer-In-Charge of Qatar land locations. He started his banking career in 1999 in Commercial Banking business in Saudi American Bank, a Citi Bank subsidiary. Joined The National Commercial Bank Corporate business in 2002 as a Senior Relationship Manager. He progressed to Commercial Business in NCB leading Central Region in 2008, followed by leading Eastern Region in 2010. He then moved on to Head Office to lead Commercial Business Kingdom wide in 2013. Prior to his appointment as Country Head, Wael headed the Finance Restructuring in June 2013 for a brief period. Over the years Wael has attended specialized Engineering, Banking and Leadership courses with reputable schools such as INSEAD, Darden and Harvard Business School. On November 1, 2016, Mr Raies was appointed as the General Manager of Türkiye Finans Participation Bank.

GENERAL SECRETARIAT



OSMAN AKYÜZ
SECRETARY GENERAL

Osman Akyüz was born in Trabzon in 1954. He obtained his degree from the Faculty of Political Sciences, Ankara University. He commenced his professional career in 1978 as a Tax Inspector at the Ministry of Finance. He was then transferred to Sezai Türkeş-Fevzi Akkaya Group (STFA) as an Auditor and Financial Consultant in 1983. In 1985, he started working as the Manager of Financial and Administrative Affairs in Albaraka Türk Participation Bank. He served as Manager and Deputy General Manager of the Bank and was appointed as General Manager in 1996. Mr. Akyüz retired from Albaraka Türk in 2002 and still serves as Vice Chairman of the Board in the same bank. Mr. Akyüz is also Board Member of EYG Real Estate Portfolio Management Inc and Assembly Member of Istanbul Chamber of Commerce. Mr. Akyüz has been Secretary General of the Participation Banks Association of Turkey since 2002.

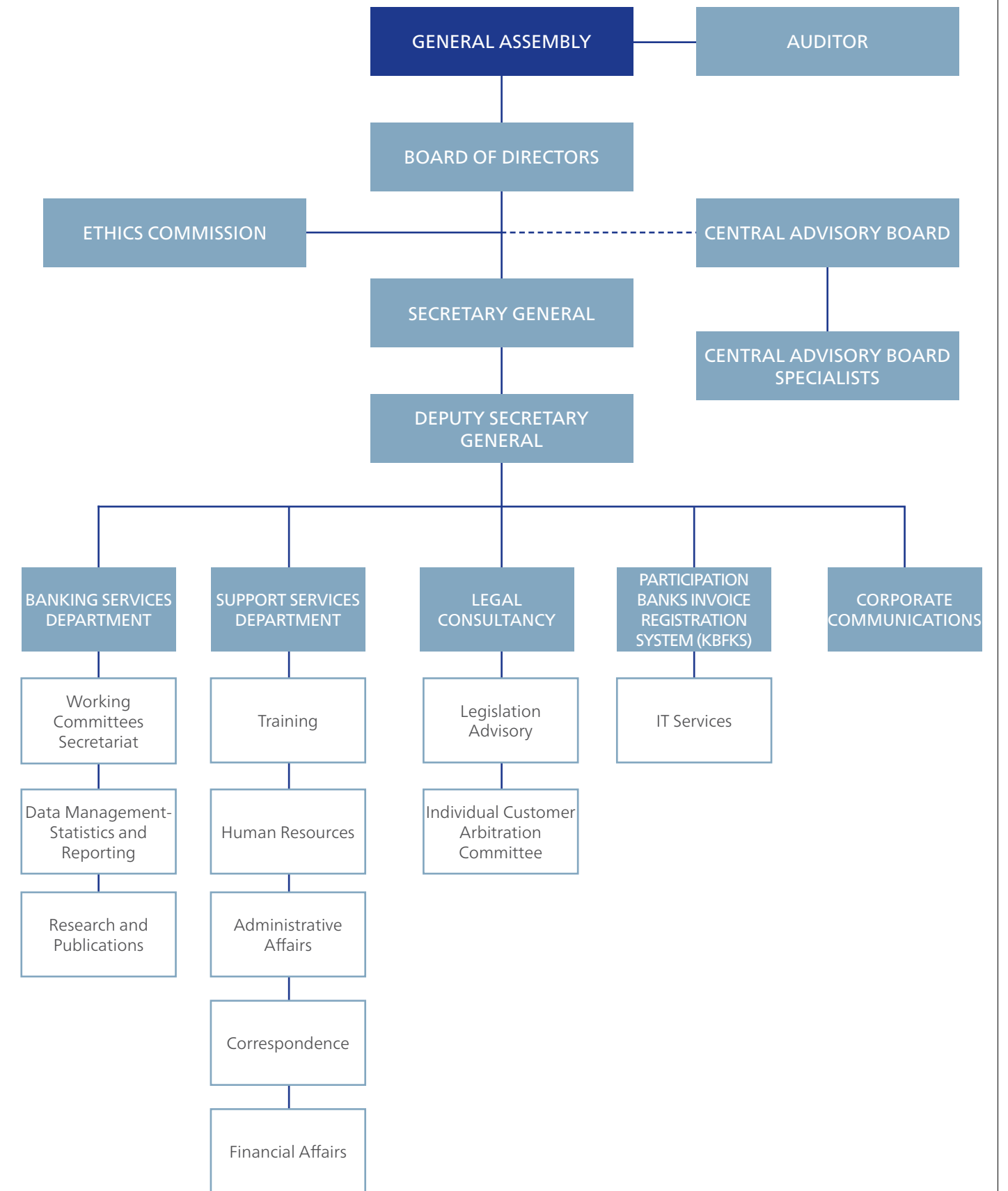


İSMAİL VURAL
DEPUTY SECRETARY GENERAL

Mr. Vural was born in Ordu/ Ünye in 1972. He graduated from 9 Eylül University Faculty of Economics and Administrative Sciences in 1993. He started his career in Kuveyt Türk Participation Bank Marketing Department as Assistant Specialist in 1997 and after his resignation in 1999, he served at various posts in Türkiye Finans Participation Bank as Marketing Specialist, Marketing Manager, Branch Manager, Marmara Regional Manager, Recruitment and Planning Manager. He was appointed as Deputy Vice President in charge of Retail Banking on 21 July 2016 and continued to serve in this position until 17 March 2017. Mr. Vural has been the Deputy Secretary General of Participation Banks Association of Turkey since 1 February 2018.



ORGANIZATION CHART



ADVISORY BOARD



PROF. DR. RAHMİ YARAN
CHAIRMAN OF THE BOARD

Mr. Yaran was born in Fatsa/Ordu on 2 August 1951. After completing primary school in his hometown, he graduated from Tokat Islamic Divinity School in 1969. He served as an imam in Fatsa Kurtuluş Mosque for ten months, then started Konya Higher Islamic Institute in 1970 and graduated in 1974. He started teaching vocational classes at Kastamonu Islamic Divinity School in July 1974. After a break for military service, he continued his teaching career at Ordu/Kumru Islamic Divinity School as the school principal from March 1977. In December 1980, he attended the third period Specialty Courses at Presidency of Religious Affairs Istanbul Haseki Training Center. Upon finishing the course, he became an Assistant and a Teacher at the same center. His assignment at Haseki Training Center continued until 1993. During that period, he stayed in Cairo for two years between 1985 and 1987 as an independent researcher and performed scientific research. In the meantime, he completed his graduate thesis on Islamic Law at Marmara University Institute of Social Sciences (1987) and started doctoral studies. In 1993, he was appointed as a lecturer at Marmara University Faculty of Theology. He received his doctorate degree on Islamic Law in 1994. In 2003-2004 academic year, Mr. Yaran worked as Islamic Sciences lecturer at Azerbaijan Baku State University Faculty of Theology. At the same time, he taught Islamic Law classes at Faculty of Law and International Law of Azerbaijan Private University. He became an Associate Professor in January 2008 and a Professor in September 2013. He contributed to Türkiye Diyanet Foundation Islamic Encyclopedia as a writer, scientific editor and a member of the scientific board. Prof. Dr. Rahmi Yaran was appointed as mufti of Istanbul as per the Decree published at the Official Gazette no 28125 dated 27 November 2011, started serving on 15 December 2011 and resigned from this post on 12 January 2017. He also retired from Marmara University Faculty of Theology. Mr. Yaran has been serving as the Chairman of the Advisory Board since May 2018.



PROF. DR. HASAN HACAK
DEPUTY CHAIRMAN OF THE BOARD

Mr. Hacak was born in Giresun/ Espiye in 1968. He graduated from Espiye Islamic Divinity School in 1986 and from Marmara University Faculty of Theology in 1990. At the same year he started graduate school at Marmara University Institute of Social Sciences. In 1991, he was appointed as a research associate at Marmara University Faculty of Theology. He completed his graduate studies on "Servitude in Islamic Law and Development of Related Concepts" in 1993 and doctoral dissertation on "Analysis of Concept of Rights in Classical Resources of Islamic Law" in 2000. He became an Associate Professor in 2008 and a Professor in 2013.

His publications are "Impact of Atomistic Universe Approach on Islamic Law: An Analysis of Relationship between Word and Islamic Law" and "Mindset of Arabic Islamic Culture: A Critical Analysis of Information Systems in Arabic Islamic Cultures" (Translated from Câbirî, a joint publication with Burhan Köroğlu and Ekrem Demirli).



PROF. DR. ABDULLAH KAHRAMAN
BOARD MEMBER

Mr. Kahraman was born in Bayburt in 1964. After completing primary school in Bayburt, he moved to Istanbul with his family, graduated from Uskudar Islamic Divinity High School and started his undergraduate studies at Marmara University Faculty of Theology. He graduated from this faculty in 1991. He took private lessons on Islamic sciences before and during his undergraduate studies and became a hafiz. He was appointed as a teacher in Kağıthane Islamic Divinity High School upon his graduation. While teaching, he started graduate studies at Marmara University Institute of Social Sciences. In 1994 he finished his studies with his thesis titled "Barter Transaction in Islamic Law" and started his doctoral studies at the same institute. He was appointed as a Research Associate at Cumhuriyet University Faculty of Theology Department of Islamic Law in 1994 while he was still teaching and finished his doctoral studies with his dissertation on "Guarantee Contracts in Islamic Law of Obligations and Recent Applications" in 1997. He was appointed as Assistant Professor in 1998, Associate Professor in 2003 and Professor in 2008. Mr. Kahraman is still a Professor at Marmara University Faculty of Theology. At the same time, he serves as the Dean of Kocaeli University Faculty of Theology and Member of the Higher Board of Religious Affairs. He was a visiting professor and manager for three years at Baku State University between 2004 and 2007. Mr. Kahraman knows Arabic and English.



PROF. DR. AHMET YAMAN
BOARD MEMBER

Mr. Yaman was born in Konya. He graduated from Antalya Islamic Divinity High School (1985), Marmara University Faculty of Theology (1989) and Presidency of Religious Affairs Istanbul Haseki Training Center (1992). He worked as an imam, speaker and preacher for some time. He completed his graduate(1991) and doctoral (1996) studies on Islamic Law at Marmara University. He became an Associate Professor in 1999 and a Professor in 2005. Between 1992 and 2010, he worked as a lecturer and manager at Selçuk University Faculty of Theology. He served as the Founder Dean of Akdeniz University Faculty of Theology between 2010 and 2013. He returned back to his previous university, which changed its name as Necmeddin Erbakan University, after the establishment of this faculty. During these assignments, he was appointed as Member of the Higher Board of Religious Affairs of the Presidency of Religious Affairs in 2011. In 2015, he was reelected to the same post. Mr. Yaman currently serves as the Member of the Higher Board of Religious Affairs and Professor at Necmeddin Erbakan University Faculty of Theology Department of Islamic Law.



TEMEL HAZIROĞLU
BOARD MEMBER

Mr. Hazıroğlu was born in Trabzon in 1955. He then moved to Istanbul with his family and completed primary and middle school education in Istanbul. He graduated from Kabataş High School for Boys. He received his undergraduate degree from Istanbul Technical University Department of Mathematical Engineering and graduate degree from İstanbul Sabahattin Zaim University Department of Business Administration. He worked as a Programmer, System Analyst and Information Systems Assistant Manager at Türkiye Emlak Bank. He served as Information Systems Manager at Albaraka Türk between 1986 and 1991. He worked as an independent merchant and consultant between 1992 and 1995. He returned back to Albaraka Türk in 1996 and served as Information Systems Manager and Personnel and Administrative Affairs Deputy Manager. He was appointed as Vice President of Albaraka Türk in 2003. Between 2003 and 2017, he served as Vice President responsible for Human Resources, Training and Organization, Performance and Career Management, Administrative Affairs and Construction and Real Estate Departments. In 2017, he served as CFO in charge of Financial Affairs, Financial Reporting, Strategic Planning and Process Management and Organization units. He resigned from his duties at Albaraka Türk in 2018 and was appointed as Member of the TKBB Advisory Board. He is a lecturer at Marmara University Institute of Middle East and working on his doctoral studies in Sociology. His articles and essays were published in various magazines and newspapers. He has three published books titled "New Quest and Birth of Advanced Democracy Idea", "Man and Reality: Drops of Thoughts" and "Participation Economy: New Mind, New Economy".

CHAIRMAN'S PRESENTATION



THE VOLUME OF ASSETS IN THE BANKING SECTOR INCREASED BY 19% COMPARED TO THE PREVIOUS YEAR. WHILE LOANS AND DEPOSITS INCREASED BY 15% AND 19%, RESPECTIVELY, THE TOTAL PROFIT INCREASED BY 10%.

2018 was a period in which global economic activity lost momentum due to the effects of erupting trade wars in the world, and growth forecasts were revised downward. While the US maintained its expansionary fiscal policy, the Fed pressed ahead with its gradual process of interest rate hikes, supported by the positive backdrop in the economy. On the other hand, with mounting risks in the Eurozone, the European Central Bank adopted a much more cautious approach than the Fed in its steps towards normalization in monetary policy.

One of the main issues of 2018 was the increasing uncertainty over the course of global growth. Protectionist measures taken mutually by the USA and China in foreign trade, the continued slowdown of the Chinese economy and the course of commodity prices put downward pressure on growth in developing countries in 2018. This protectionism in foreign trade is expected to continue to harm the economies of these two countries, which constitute approximately 40% of the global economy, proving unsettling for global markets.

WHILE 26% OF THE CASH LOANS DISBURSED BY THE TURKISH BANKING SECTOR WERE ALLOCATED TO SMEs AS OF THE YEAR-END OF 2018, THIS RATIO STOOD AT 32% FOR PARTICIPATION BANKS.

In 2018, Turkey's economy emerged successfully from its latest stress test despite the volatility in exchange rates and in other markets, once again demonstrating the robustness of its economic foundations. The balancing in the economy achieved through the implementation of monetary and fiscal policies in a correct, timely and coordinated manner will contribute to the efforts to reduce inflation and ensure financial stability. Despite the lower rate of growth compared to 2017, the composition of growth shifted in favour of net exports with the support of global conditions.

A rebalancing process got underway in our economy in the third quarter of 2018. The exports coverage ratio increased rapidly in the final period of the year to reach an all-time high of over 97%.

In 2018, the Turkish banking sector continued to grow steadily with its high asset quality and strong equity structure. The impact of financial mobility on the

banking sector's asset quality during the year was limited. Despite a slight increase in financing costs, the banking sector was able to easily access and use capital and subordinate loan facilities in international markets, particularly syndication and sukuk, and was able to deploy these instruments effectively.

In the participation banking sector, we have determined the effective supply of resources as a strategic priority. We also acted as an intermediary in the sale of gold-based lease certificates issued by the Ministry of Treasury and Finance to our customers. In addition to increasing the share of participation banking in the banking sector, we have increased our country's participation banking market share also in international markets and enabled domestic and foreign savings to be brought into the economy.

The volume of assets in the banking sector increased by 19% YoY in 2018, with loans expanding by 15% and deposits by 19%. The total profit of the sector increased by 10% YoY to reach TL 54 billion. Participation banks enjoyed a successful year in 2018, while also outperforming the sector in terms of growth. The total asset size of the participation banking segment grew by 30% compared to the previous year, with growth of 17% in loans and 30% in participation funds. We increased our net profit by 34%, outperforming the banking sector.

Small and medium-sized enterprises (SMEs), which are the lifeblood of our country's economy, are crucial for the participation banking sector. While our SMEs make up 56% of total production, they have the potential to account for 75% of total employment. The total value added of SMEs, which provide 40% of imports and 59% in exports in foreign trade, stands at 55%.

While 26% of the cash loans extended by the Turkish Banking Sector were allocated to SMEs as of the end of 2018, this ratio stood at 32% for participation banks. This ratio confirms the close relationship participation banks have with the real sector.

In the coming period, the implementation of the credit insurance platform and the elimination of the difficulties that the SMEs encounter in accessing finance will increase the resistance of our SMEs, which are the motor of the economy. By solving the problems faced by SMEs, entrepreneurship will become more attractive and will give rise to the establishment of new SMEs, in turn stimulating economic growth and

development by increasing production, wealth and employment.

One of the most important developments in the participation banking sector in 2018 was the establishment of the Central Advisory Board. The Central Advisory Board was established in accordance with the Banking Regulation and Supervision Board's Decision number 7736 and dated 22/02/2018 with the task of determining the professional principles and standards regarding participation banking. Operating in order to determine and establish participation banking principles and standards specific to Turkey, the Central Advisory Board continues its developmental work on new standards. We believe the standards to be established by the Central Advisory Board will pave the way for harmonization between different practices in the sector.

We aim to achieve healthy and sustainable growth in participation banking. The presence of non-bank financial institutions operating in accordance with the principles of participation in this ecosystem is of great importance. The establishment of new areas in the capital markets in accordance with the principles of participation banking will contribute to the growth and development of our sector. In addition, it is of the utmost importance to develop legislation, standards and regulations in accordance with the principles of participation banking in line with our mission. The public and the sector's joint efforts on this issue are continuing.

The ideal of transforming Istanbul into a regional and global financial hub is one of our primary goals. This includes the goal of Istanbul being a centre for Islamic finance. I am of the opinion that we need to work harder to turn our positive traits, such as our geopolitical position, our reputation in the international arena, our strong ties to the geographical region, our solid banking sector and our strong infrastructure, into opportunities. I would like to express our belief that we will make our country the regional leader of the sector in the coming period by attaining better results with our customers and shareholders together with our common beliefs and efforts, and I would like to express my sincere thanks to all those who have been contributing to participation banking.

Metin ÖZDEMİR
CHAIRMAN OF THE BOARD OF DIRECTORS OF THE PARTICIPATION BANKS ASSOCIATION OF TURKEY

INTERVIEW WITH THE SECRETARY GENERAL



DESPITE ALL THE DIFFICULTIES PRESENTED BY THE MARKETS IN 2018, THE TURKISH BANKING SECTOR CONTINUED TO EXECUTE THE DUTY IT HAS UNDERTAKEN IN OUR COUNTRY'S ECONOMY AND TRANSFER THE RESOURCES NECESSARY FOR SUSTAINABLE GROWTH IN PRODUCTIVE SECTORS.

Q: In 2018, the global economy performed in parallel with what we saw in 2017. How would you comment on the developments experienced in the world in 2018?

A: In 2018, with a constantly changing agenda, the global economy displayed a growth performance similar to 2017. A report published by the International Monetary Fund (IMF) in January 2019 estimated a 3.7% of global growth in 2018. The major issue here and one which needs to be carefully monitored is the change in the composition of economic growth. Data for 2018 clearly demonstrates that a change has taken place in the contribution of the economy's major blocks to growth when compared to previous years. In this process, which has been marked by a slowing rate of growth in the Chinese economy in response to government policies and a relative weakening in developing countries, global growth was able to maintain its momentum thanks to the recovery and strong growth seen in the economies of developed countries.

When we look at the policy rates, which are the main determinants of economic performance, we see that most of the steps taken in 2018 were in a tightening direction.

The US Federal Reserve decided to raise interest rates in one of its two board meetings held in 2018. While the European Central Bank left its interest rate unchanged, it reduced its monthly bond purchases from EUR 30 billion to EUR 15 billion in September, and formally ended its bond purchase scheme at the end of the year. While the Brexit process turned into a dilemma for the UK and the EU, the Bank of England raised its policy rate by 0.25 percentage point, despite the uncertainties surrounding the country's exit from the European Union.

The tightening steps taken by the central banks of developed countries and declining portfolio inflows triggered increases in policy rates in emerging economies. Brazil halted its ten-month run of interest rate cuts during the year, Mexico increased interest rates by 0.50%, South Korea by 0.25%, Indonesia by 1.75% and India by 0.25%.

While the US President Trump's eye catching steps and policies continued in 2018, the United States remained the leading player of major global economic developments.

In March, the US announced that it would implement additional tariffs on imported steel products, and this development continued to top the global agenda throughout the year. In particular, the trade war that has erupted between the United States and China dragged on into 2019 with the determination of a 90-day negotiation period at the G20 leaders' summit held in Argentina on 30 November 2018 and a suspension of new tariffs, albeit a temporary one. Another step taken by the United States which provoked reaction from around the world was its withdrawal from the nuclear agreement reached between the five permanent members of the United Nations (UN) and Iran in 2016, followed by its re-implementation of the embargo on Iran.

Looking forward, the short and medium term prospects for the world economy will be influenced by issues such as the rise of protectionist trade policies in different parts of the world, especially with erupting trade wars, political relations between the blocks, the problem of increasing migration on a global scale, the environment of conflict in the Middle East and Brexit. Geopolitical developments, in particular, suggest that sustaining the strong run of global growth achieved in the last two years will prove difficult. The developments will precipitate a rise of risks that have the potential to suppress growth.

Against such a backdrop, the prospects for 2019 and beyond will be experienced as a process that must be managed carefully by all economic players, in which competition will continue to increase and rapid change will affect the global economy.

Q: Turkey's economy entered a rebalancing process in 2018 in light of global economic developments. Could you comment on this process?

A: In the first two quarters of 2018, Turkey's economy exhibited a strong performance with growth of 7.4% in the first quarter and 5.3% in the second quarter, continuing to decouple positively from other developing countries. In the second half of the year, however, the economic outlook changed due to an emergence of global volatility and adverse developments. Inflation, which maintained an upward trend throughout the year, rose further on the back of a fall in value of the TL, which was especially

severe in August due to the speculative attacks on the Turkish currency. The contraction in global liquidity due to the normalization steps taken by the developed countries in their monetary policies, coupled with a rise in borrowing costs and geopolitical adversities in neighbouring countries suppressed economic activity. Under the shadow of these developments, growth in the Turkish economy slowed down, to be realised at 2.6% for the full year.

One of the most important developments on the economic front of 2018 was the new economic program, entitled "Balancing, Discipline and Change", which was announced by the Government in September. In addition to demonstrating the proactive and decisive stance being taken by the government in the face of global volatility, the program also confirmed the macroeconomic objectives and policies set out for the 2019-2021 period. In the same process, the "Total Fight against Inflation" program was announced. In this context, companies were expected to support efforts to tackle inflation on a voluntary basis.

Soon after the announcement of these programs, the Turkish economy began to undergo a re-balancing process. On the other hand, a successful increase was observed in exports, especially in the third quarter of the year. While the fall in the Turkish Lira supported exports, the narrowing in the foreign trade deficit due to the decline in the use of imported inputs and in imports of consumer goods was combined with a favourable course in net tourism receipts, further strengthening the improvement in the current account deficit. In the same period, the rapid decline in oil prices was also among the international developments to support prices of TL assets, as well as the positive developments in Turkey's international relations. All of the measures taken and the proactive policies implemented helped bring the currency back on an even keel in the last quarter of 2018, leading to a limited decline in interest rates.

Another welcome development was seen in inflation. The Central Bank of the Republic of Turkey (CBRT), which has adopted a tight monetary policy stance as part of its efforts to tackle inflation, continued to deploy all of the instruments at its disposal with determination in line with its main objective of price stability. The Bank also informed the public that additional monetary tightening could be implemented if necessary.

ON THE BASIS OF THE 2018 DATA OF THE FIVE PARTICIPATION BANKS, OUR SECTOR'S SHARE IN THE BANKING MARKET INCREASED TO 5.3% IN TERMS OF ASSETS, 5.1% IN DISBURSED FUNDS AND 6.7% IN COLLECTED FUNDS.

In the first quarter of 2019, when we were preparing our report for publication the rate of Consumer Price Index (CPI) inflation, which had closed the year 2018 at 20%, decreased to 19%.

To sum up, it would be reasonable to suggest that the macroeconomic indicators reflect that the moderate recovery expected in domestic demand has got underway. In our opinion, the balancing process will continue in the first half of 2019 and our economy will return to a path of growth in the second half of the year.

Looking forward to 2019, the policies to be adopted by the central banks of developed countries and global liquidity conditions will have an important bearing on those economies that need medium and long term external resources to support rapid growth, such as Turkey. The gradual tightening in global liquidity conditions is likely to continue. The general expectation is that central banks will adopt a cautious stance on interest rate hikes in 2019, and will act broadly in line with the forecasts.

Q: One of the main driving forces of Turkey's economy is its banking sector. How would you evaluate the performance of the banking sector in 2018?

A: The banking sector is the driving force, indeed the locomotive of Turkey's economy.

The Turkish banking sector, in which our participation banks stand as one of the main branches based on function, continued to execute the duties it has undertaken in our country's economy and transfer the resources necessary for sustainable growth to productive sectors, despite all the difficulties presented by the markets in 2018.

The developments experienced in the summer months, which led to the increase in inflation, placed pressure on the currency and upward pressure on interest rates in the domestic market. This situation made the conditions of doing business of the Turkish banking sector more difficult, albeit temporarily, and a relative slowdown was observed, especially in the growth of credit volumes. In the same period, our banks were burdened by higher domestic and international financing costs. Higher costs were reflected to the sector's revenues with some delay due to maturity mismatches and foreign currency exchange rate mismatch in the asset-liability structure, limiting profitability.

One pleasing development was that our sector, which has strong foundations and a well-established regulatory framework and audit infrastructure, has been able to continue its activities successfully without any extraordinary losses.

In the final months of the year, thanks to the measures taken by the authorities and the correct policies implemented, domestic financial conditions started to moderate again and growth as well as profitability in our sector returned to reasonable levels again. During this period, our banks, which had no difficulty in repaying their syndicated loans, also carried out successful resource supply activities with high renewal rates throughout 2018.

Another important issue in 2018 for our sector was the new regulations that came into force. With the implementation of the Turkish Financial Reporting Standard (TFRS 9) accounting system in 2018, the sector began using the subjective internal evaluation model. With the adoption of the TFRS 9 standard, changes in loan classifications were introduced, leading

to a relative increase in the sector's non-performing loans. Another development concerning the banking sector in 2018 was the regulation issued by the Banking Regulation and Supervision Agency (BRSA) on 15 August 2018, which regulates the restructuring of debts to the financial sector.

In 2019, we think the banking sector will maintain its cautious approach and maintain its healthy progress in line with risk-sensitive policies. While political stability remains the most important anchor, our banking sector will continue to take strong steps forward and be the driving force of economic growth in parallel with easing uncertainty in the global economy and the reflection of this to our markets.

Q: The participation banking sector celebrated its 35th year in 2018. Could you discuss your observations about the participation banking sector, which continues to advance by growing and strengthening, despite the difficulties presented by the markets?

A: As we round off our 35th year, it would only be right to start by paying tribute to the successful performance that the participation banks have achieved.

In a year marked by 29% growth in asset volumes, our participation banks also increased their share in the banking sector. In light of 2018 data for the 5 participation banks, our sector's share in the overall banking market increased to 5.3% in terms of assets, 5.1% in disbursed funds and 6.7% in collected funds. Given the target for participation banking to reach a market share of 15% in total assets in the medium term, the growth and progress achieved in 2018 marks a valuable milestone.

THE CENTRAL ADVISORY BOARD WILL SERVE ALL ORGANIZATIONS THAT OPERATE IN THE FIELD OF ISLAMIC FINANCE, IN ADDITION TO PARTICIPATION BANKS.

The net profit of the participation banks increased by 34.1% for the period to reach TL 2,123 million. Total shareholders' equity increased by 23% to reach TL 16,780 million.

According to 2018 year-end figures, the participation banks had a total of 1,122 branches, constituting approximately 8% of the banking sector's total branch network. Meanwhile, our sector has remained an important source of employment. At the end of the year, participation banks employed a total of 15,654 people, an increase of 4.2% compared to the previous year.

Participation banks continued to expand the range of opportunities to obtain finance from international markets at an affordable cost and maturity. Our participation banks continued to play an important role in Murabaha financing, which has been spreading day by day, and which is provided through syndication from the Gulf region. The role played by participation banking products in attracting Gulf capital, which offers broad potential, to Turkey is becoming increasingly important. For example, the Lease Certificates (Sukuk) issued by the Ministry of Treasury and Finance in 2018 attracted a significant amount of capital from international markets, particularly the Gulf region.

Another important development that I would like to mention in terms of the development of our sector is the establishment of EmlakBank (Türkiye Emlak Katılım Bankası A.Ş.), a new participation bank with public capital, in March 2019. We believe EmlakBank, a recent addition to our list of members, will generate added value through its activities aimed at the sectors which provide a high contribution to economic growth and employment, especially the construction sector, and that this will contribute to the increase in the share of participation banking.

Q: TKBB's activities became more diversified and active in 2018. How would you evaluate the activities of your Association, which is the cornerstone of the sector, in 2018?

A: As always, first of all, I would like to start by talking about our mission.

As the TKBB, our goal is to provide a strong and versatile contribution to the development and growth of the participation banking sector in Turkey. While deepening the contribution we generate through domestic and international collaborations, we strive to reach the wider audience through careful perception and reputation management. As well as developing the principles of participation banking, we work closely with the regulatory authorities to support the implementation of standards and regulations. We generate value for our stakeholders and for Turkey through a wide array of activities which we carry out in many and various areas.

The first issue I would like to talk about in terms of our Association, which has positioned us closer to our members, expanded its staff and gained a wider working area in 2018, is the establishment and operation of the Central Advisory Board within the Association. The Central Advisory Board will serve all organizations that operate in the field of Islamic finance in Turkey, in addition to participation banks. In May 2018, the Central Advisory Board, to which we only provide logistical support in our capacity as the Association, has begun its operations.

The main mission of the Central Advisory Board was determined as supervising and evaluating the compliance of the products and services offered or which will be offered in the future by participation banks, ensuring that they are in line with participation principles and standards. The Board aims to establish standards for the products and services used with different practices in participation banks. Differences in the practices adopted by participation banks, which may cause hesitation among customers when it comes to Islamic jurisprudence (fiqh), can only be eliminated with the establishment of these standards.

The Board has a completely independent structure, and the Association does not intervene in processes such as standard establishment and decision making. The Central Advisory Board makes decisions or forms opinions on issues that our sector's members convey within the

scope of their daily service cycle, in a manner that guides them, in addition to preparing the establishment of the participation banking and Islamic finance standards in Turkey.

Our next step in setting Islamic finance standards will be to establish advisory committees in the member banks. These committees will be responsible for the implementation of interest-free financial rules specific to the bank. This structure, which will contribute to setting standards, will also significantly contribute to the transparency of the banks. In this regard, we continue to work in cooperation with the BRSA, aiming to implement relevant structuring through internal regulations or the communiqué within the scope of internal systems.

We find the standardization efforts to be crucial not only for our banks, but also for the expansion and development of insurance, private pensions, investment funds and similar institutions which will provide services in accordance with Islamic finance rules.

Finally, we consider the establishment of the Central Advisory Board in 2018 to be extremely important for our sector and I would like to thank the BRSA for their support and close cooperation.

Another item that came under the spotlight in 2018 for the TKBB was the intensive efforts regarding legislative measures and regulatory amendments in accordance with the principles and standards of participation banking.

The "Regulation on the Principles regarding the Acceptance, Withdrawal of Deposits and Participation Funds, and the Deposit, Participation Fund, Custody and Receivables that have Expired", published in the Official Gazette dated 18 October 2018, can be held up as an example of this. We consider this amendment, which allows participation accounts to be opened on the basis of the investment attorney agreement to be concluded, as a valuable step in the diversification and roll out of the products that comply with the principles of Islamic finance.

Our Association supports efforts to put in practice different legislation and regulations that have been drawn up to meet the needs arising from the service cycle of our sector, working in close cooperation with relevant public institutions and organizations and demonstrating its contribution.

TOGETHER WITH THE ACCOUNTING AND AUDITING ORGANIZATION FOR ISLAMIC FINANCIAL INSTITUTIONS (AAOIFI), WE HAVE TRANSLATED THE AAOIFI INTEREST-FREE FINANCE STANDARDS CONSISTING OF 58 STANDARDS.

Q: Istanbul's transformation into an international financial centre is one of the Government's long-term projects. Could you tell us about TKBB's vision which it has determined within the scope of this project?

A: The Istanbul International Finance Centre was one of the main priorities set out in the scope of the sector strategy document prepared and published by TKBB in 2015.

The TKBB has completed most of the steps defined in the Participation Banking and Interest-Free Finance System Development Component of the Istanbul International Finance Centre (IFC) Program.

These actions were mainly implemented through joint projects with stakeholder institutions and public institutions in the actions consisting of legislation, perception, reputation, publication and sectoral incentives for the IFC. Some of our activities are of a continuous nature and work in these areas continues without interruption.

Q: The interest in participation banking in academia has recently increased, with the work carried out by your Association under a long-term approach providing a valuable contribution to this. What would you like to tell us about this?

A: TKBB has identified the academia as a key stakeholder to make participation banking, or Islamic finance in a broader conceptual expression, more widespread in Turkey. Our strategy is multi-layered and offers a wide range of facets, from the development of scientific publishing in the field of participation banking to international collaborations and the spread of participation banking in academic

education as a department. As we look back on 2018, we are pleased to note that we are reaping the fruits of our efforts made in this area.

While our scholarship support for postgraduate and doctorate students in the field of participation banking has increased every year, we support the development of knowledge in participation banking through numerous publications.

The first such publication that comes to mind is the AAOIFI Interest-Free Financial Standards, that we published in March 2018 within the scope of TKBB Publications, which is an extremely valuable piece of work. Within the scope of the agreement we entered into with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the AAOIFI Interest-Free Finance Standards that consists of 58 standards has been translated to Turkish through a careful study.

Within the framework of the translation protocol signed with the Center For Islamic Economics and Finance at Istanbul University, the first part of our project to translate more than 20 pieces of work, which contribute to participation banking globally and can be considered as a reference book, into Turkish has been completed and published. Through this program, the publication entitled Morality and Justice in Islamic Economics, by Muhammad Umer Chapra, was translated into Turkish. We aim to continue the project in 2019.

As we maintain our support for conferences on Islamic economy and finance to be held at various universities, we have aimed to reach out to the widest possible audience

and raise awareness of participation banking. In order to promote our sector and to help it become better understood, advertising and promotion activities were also conducted throughout the year, with visuals and documents describing how participation banks work and its operational structure. We believe all of these activities are of great importance in raising the perception and reputation of our sector.

Q: You sponsored the Turkish Capital Markets Summit in 2018. Is there anything you would like to share about this subject?

A: Our Association was the main supporter of the Turkish Capital Markets Summit hosted by the Turkish Capital Markets Association (TSPB) in Istanbul on 14-15 November 2018. The Summit brought together representatives from finance and many other sectors, especially the capital markets, and created a valuable communication platform.

The "Participation Finance: A More Humane Future" panel which we organized under the Summit brought together leading professionals of interest-free finance. The panel focused on the steps to be taken for the healthy growth of the participation banking sector, innovation in participation finance, tools, employees, business models, institutions and many issues related to the sector.

In the panel, in which I was the moderator, Turkey's need for the participation finance system was shared in detail, with the view expressed that companies should benefit from this, while the panel also promoted participation banks, capital market products and services. Providing an



OUR GOAL SHOULD BE TO BRING AS MUCH OF THE GOLD, TRADITIONALLY HELD UNDER THE MATTRESS, AS POSSIBLE INTO THE ECONOMY. BOTH PARTICIPATION BANKS AND DEPOSIT BANKS, AS WELL AS THE CBRT HAVE PUT GREAT EFFORT TO CHANNEL ALL GOLD SAVINGS INTO THE ECONOMY.

important platform to address the participation finance ecosystem, the Summit also offered the opportunity to demonstrate the similarity between the financial model of the capital markets and the participation banking system.

TKBB will continue resolutely to make every effort to deepen the capital markets, build the investor base and raise awareness in this sense. In this context, we will continue to develop and diversify our cooperation with the Banking Regulation and Supervision Agency, the Banks Association of Turkey, universities and public institutions and organizations, which are among our stakeholders.

Q: We know that your Association has a close relationship with the International Gold Council. Why is gold important? Could you tell us about the work carried out on this subject and the potential?

A: Gold has been one of the most important investment tools for humanity since ancient times. Today, gold is consumed in various fields ranging from jewellery to industrial and investment. Gold is also an important financial asset. For example, in our country, people have traditionally viewed gold as the most basic saving tool.

Our goal should be to bring as much of the gold, traditionally held under the mattress, as possible into the economy. Both participation banks and deposit banks, as well as the CBRT have put great effort to channel all gold savings into the economy. Gold has been accepted by the CBRT as a product and, at the same time, as an asset in the required reserves of banks within the system.

In Turkey, as an asset of intermediary and savings, it is estimated that there is more than 2,000 tonnes of gold. Considering the material size of this asset, bringing gold into the national economy, or in other words, including gold in the financial system, emerges as one of the key tasks ahead.

Our participation banks have redoubled their efforts to widen the product diversity based on gold. At the Association, we have a close relationship with the International Gold Council. On the other hand, AAOIFI, which determines the international interest-free finance standards, has publicly launched the gold standard in Turkey. Thus we have acted in conjunction with the Gold Council.

Q: What are your predictions for 2019? How do you see the World and Turkey going forward?

A: The world economy has approached a new stage, in which the strength of growth is coming under question.

The developments we have experienced since the 2008 crisis have demonstrated the difficulty central banks face in offering the solid foundations necessary for global economic growth by themselves in the medium and long term.

The progress of the world economy towards sustainable growth requires the cooperation and synchronization of all economic actors. Market parameters, financial products and fiscal policy instruments should be approached with a new perspective, and global economy policies should be designed with an inclusive approach.

At this point, the correct management of globalization, in other words, the synchronization of politics, the economy and technology is of great importance.

If this equation can be implemented, the gains of globalization will be strengthened and global development will come closer to its real potential.

A harmonious system and a set of economic policies will support the more effective and productive operation of the global financial system. In such a process, conventional and interest-free financial systems will work side by side and in cooperation to ensure that global and regional growth potential is increasingly reflected to the global economic performance.

Despite the fluctuations that the international and national economic environment will undergo in the short term, our forecasts for the future remain positive. Our faith in our country and our people is strong.

On the other hand, the course of development and the healthy performance of our participation banking sector gives us great pride and motivates us as a team. Our wish to take participation banking to the future as one of the cornerstones of the Turkish economy, by benefiting from the power of our 35-year history, is stronger than ever.

Also in 2019, together with our members, we will use all kinds of resources we have with determination in order to create a sustainable future and achieve a much stronger performance, and create value for our stakeholders.

I would like to take this opportunity to thank all of our stakeholders for their valuable contributions and support.

**Osman AKYÜZ
GENERAL SECRETARY OF THE
PARTICIPATION BANKS ASSOCIATION
OF TURKEY**



IN 2018

FIGURES RELEASED IN THE LAST QUARTER OF 2018 INDICATE THAT GLOBAL GROWTH SLOWED IN PARALLEL WITH MOUNTING GEOPOLITICAL UNCERTAINTIES ON A GLOBAL SCALE.

IN 2018, THE INCREASE IN GLOBAL TRADE VOLUMES FELL SHORT OF EXPECTATIONS.

THE WORLD ECONOMY

THE WORLD ECONOMY COMPLETED 2018 IN THE SHADOW OF DEVELOPMENTS SUCH AS TRADE WARS BETWEEN THE US AND CHINA, THE BREXIT TENSION AND EMBARGO ON IRAN.

THE DATA IN THE DEVELOPED ECONOMIES OTHER THAN THE US CONFIRMS THE SIGNS OF SLOWDOWN IN GROWTH.

THE SLOWDOWN IN DEVELOPED ECONOMIES, WHICH ARE THE MAIN ENGINE OF THE WORLD ECONOMY, THREATENS THE RECOVERY IN SOME DEVELOPING ECONOMIES.

THE 2018 GLOBAL GROWTH PROJECTION

3.7%

GLOBAL GROWTH

The world economy rounded off 2018 under the shadow of developments such as trade disputes between the US and China, Brexit tensions and the embargo on Iran. Figures released in the last quarter of the year indicate a slowdown in global growth, parallel with mounting geopolitical uncertainties on a global scale.

The world is dominated by an outlook marked by a further contraction in financial conditions, softening industrial production, escalating trade wars and intensified financial stress for some leading developing countries. Despite ongoing negotiations, concerns remain over trade wars between strong economies.

In the January 2019 dated Global Economic Outlook report prepared by the IMF, growth expectations for 2019 and 2020 were revised downward and growth expectations were further lowered with the January update, due to the loss of momentum in the second half of 2018.

According to its projection in October, the IMF reduced its global growth forecast for 2019 by 0.2 percentage points to 3.5%, which is the lowest of the last 3 years, and reduced its global growth forecast for 2020 by

0.1 percentage point to 3.6%. The IMF reduced its growth forecast for developed economies for 2019 by 0.1 of a percentage point to 2%, maintaining its growth forecast steady at 1.7% for 2020. The report also included a 0.2 percentage point downward forecast for growth in developing economies for 2019 to 4.5%, while its growth forecast for 2020 was maintained at 4.9%.

According to the Global Economic Expectations Report published by the World Bank in January 2019, the global economy, which was expected to have grown by 3% in 2018, is forecasted to grow by 2.9% in 2019 and by 2.8% in 2020. Thus, according to the June forecasts, a 0.1 point downward revision was made for each year.

In the report, it was predicted that developed countries would post growth of 2.2% in 2018 and 2% in 2019. Relatively speaking, deeper downward revisions have been made for developing countries. The growth forecast for 2018 was reduced by 0.3 percentage points to 4.2%, while the growth forecast for 2019 was revised down by 0.5 percentage points to 4.2%. The downward revision in the growth projections for commodity exporters among developing countries, by 0.8 points for 2018 and by 0.7 points for 2019, pulled down the growth expectations for these countries.

Political developments, with inflationary risks in the US economy remaining limited, raised expectations that further interest rate hikes by the Federal Reserve (Fed) would be realized at a slower pace. As expected, in the last meeting of 2018, the Fed increased the US interest rate by 25 basis points to a 2.25-2.5% band. The Fed revised its outlook for interest rate hikes for 2019 from three to two, indicating that medium and long-term interest rate hikes will remain limited.

Data in developed economies other than the US confirmed the signs of slowdown in growth. In the Eurozone, which grew by an average of 2.3% in the first half of 2018 - in excess of its long term potential rate - growth fell to 1.6% in the third quarter. The most significant slowdown was experienced in Germany due to the contraction in the automotive sector.

Against this backdrop, although the European Central Bank (ECB), which revised its economic forecasts downwards, terminated its asset purchasing program in December 2018, it was also observed that the probability of the ECB embarking on any interest rate hikes in 2019 receded considerably.

The slowdown in developed economies, which are the main driver of the global economy, threatens to undermine the recovery in some developing economies.

Emerging economies other than China, where growth accelerated in 2017 following a weak performance in 2016, struggled in the face of the slowdown in developed economies, which are its trading partners, a situation exacerbated by domestic political developments in 2018.

In India, despite some deceleration in growth in the third quarter, the economy continued to post growth rates of over 7%. While in Russia, it is oil prices that have an important bearing on growth, in Brazil and South Africa it will be domestic political developments which steer economic performance.

In China, which continued to post growth throughout 2018, the People's Bank of China (PBoC) sought to limit the loss of momentum by reducing required reserves. It is thought that China's performance in the coming period will depend to a great extent on how foreign trade negotiations are carried out with the US.

GROWTH IN THE WORLD ECONOMY (2017-2020) (%)

	Realization		Forecast		Projection	
	2017	2018	2018	2019	2020	2020
WORLD OUTPUT	3.8	3.7	3.7	3.5	3.6	3.6
Advanced Economies	2.4	2.3	2.3	2.0	1.7	1.7
US	2.2	2.9	2.9	2.5	1.8	1.8
Europe (Euro Zone)	2.4	1.8	1.8	1.6	1.7	1.7
Germany	2.5	1.5	1.5	1.3	1.6	1.6
France	2.3	1.5	1.5	1.5	1.6	1.6
Italy	1.6	1.0	1.0	0.6	0.9	0.9
Spain	3.0	2.5	2.5	2.2	1.9	1.9
Japan	1.9	0.9	0.9	1.1	0.5	0.5
United Kingdom	1.9	1.4	1.4	1.5	1.6	1.6
Canada	3.0	2.1	2.1	1.9	1.9	1.9
Other Advanced Economies	2.8	2.8	2.8	2.5	2.5	2.5
Developing Economies	4.7	4.6	4.6	4.5	4.9	4.9
Russia	1.5	1.7	1.7	1.6	1.7	1.7
Developing Europe	6.0	3.8	3.8	0.7	2.4	2.4
Developing Asia	6.5	6.5	6.5	6.3	6.4	6.4
China	6.9	6.6	6.6	6.2	6.2	6.2
India	6.7	7.3	7.3	7.5	7.7	7.7
Middle East and North Africa	2.2	2.4	2.4	2.4	3.0	3.0
Latin America	1.3	1.1	1.1	2.0	2.5	2.5

Source: IMF World Economic Outlook, January 2019

GLOBAL TRADE

The hikes in tariffs applied from the beginning of 2018 have precipitated a decrease in global trade in goods and services.

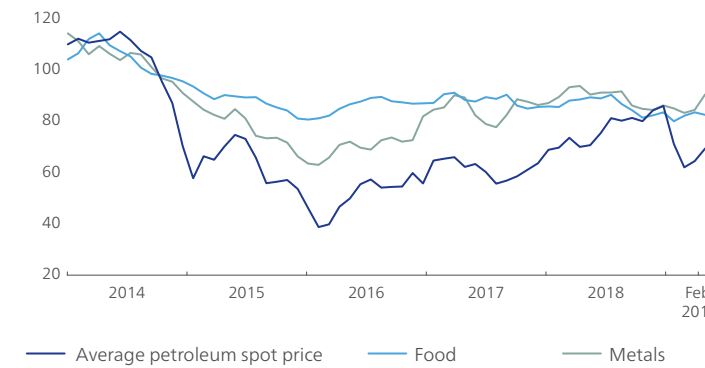
The increase in global trade volume in 2018 fell short of expectations. Ongoing trade wars, protectionist policies and geopolitical uncertainty throughout the year had a negative impact on global industrial production and investments. The appreciation of the US dollar and risk aversion among investors set the stage for an increase in borrowing costs in developing countries.

This generally put pressure on international trade. Global trade volume, having grown by 4.7% in 2017, maintained this pace in the first quarter of 2018, before slowing somewhat in the second quarter and further to an average growth rate of 3.6% in the third quarter on an annual basis.

Financial conditions are expected to tighten further in 2019, negatively affecting trade. The production of traded capital goods is forecasted to decrease especially in Europe and emerging Asian regions.

STARTING THE YEAR AT 66.6 USD/BARREL, CRUDE OIL PRICES CLOSED 2018 AT THE LEVEL OF 50.21 USD/BARREL.

THE TREND IN COMMODITY AND CRUDE OIL PRICES
(Deflated on the basis of USA Consumer Prices Index; 2014=100)



Sources: IMF, Primary Commodity Price System; and IMF staff estimates.

COMMODITY AND OIL PRICES

The rapid rise in the commodity prices general index at the beginning of 2018 was reversed in the second half of the year, with a decline of 6% in the last quarter when compared to the previous quarter. The decline in commodity prices, particularly metals, presented a challenging situation for developing countries which are commodities exporters.

The main factors behind the slowdown were the policy steps taken by the US, a slowing rise in energy prices and geopolitical risks, particularly in the Middle East. Industrial metal prices continued to decline as assumptions that international trade restrictions imposed by the US would reduce demand became priced in.

IN 2018, GROWTH FORECAST IN GLOBAL TRADE

4.2%

THE DECLINE IN COMMODITY PRICES, PARTICULARLY METALS, HAS CREATED A CHALLENGING SITUATION FOR COMMODITY EXPORTING DEVELOPING COUNTRIES.

FINANCIAL CONDITIONS ARE EXPECTED TO TIGHTEN FURTHER IN 2019 AND THIS SITUATION IS EXPECTED TO NEGATIVELY AFFECT TRADE.

WORLD TRADE VOLUME GROWTH (2016-2019) (%)
(Annual average change in world import and export volumes)

	Realization		Forecast	
	2016	2017	2018	2019
World Trade Volume	2.2	5.2	4.2	4.0
Import-Advanced Economies	2.4	4.2	3.7	4.0
Import-Developing Economies	1.8	7.0	6.0	4.8
Export-Advanced Economies	1.8	4.4	3.4	3.1
Export-Developing Economies	3.0	6.9	4.7	4.8

Source: IMF World Economic Outlook, October 2018

Interest in safe haven investments in line with the deterioration in global risk perceptions supported gold prices and prices increased to a six-month high. Having ended December with up by 5% on a monthly basis at USD 1,283/ounce, gold prices declined by 1.5% in 2018 as a whole.

The dated Brent crude oil price started 2018 at USD 66.60/barrel. Demand for crude oil remained brisk until the last quarter of the year. Due to the high

level of compliance of Organization of Petroleum Exporting Countries (OPEC) countries with the cut-off agreement, the implementation of the US sanctions on Iran and Venezuela, and its strict enforcement in this area, prices rose to as high as USD 86.20/barrel.

However, in the last quarter of the year, amid supply increases in OPEC countries, the refusal by China and India to accept the sanctions on Iran, the breaking of production records in the

USA in December due to higher crude oil production and perceptions that there may be a slowdown in the global economy set the stage for a decline in crude oil prices to USD 49.93/barrel.

Having climbed back to USD 60/barrel in the last month of the year with the fall-off in supply as OPEC and Russia agreed to cut output by 1.2 million barrels per day, crude oil prices, closed 2018 at USD 50.21/barrel, with an average of USD 71.04/barrel for the full year.

THE WORLD ECONOMY

The 2019 Oil Report, which includes an analysis of the global energy market by the International Energy Agency (IEA), suggests that the mismatch between strong oil demand and the decline in new projects in the near term will set the stage for a sharp tightening of oil markets in the 2020s. The report forecasts that the USA, Brazil, Iraq, Norway and the United Arab Emirates will provide the highest contribution to global oil supply in the 2019-2024 period, with the USA to account for 70% of the growth in supply.

It is thought that global oil demand will increase by 7.1 million barrels per day to 106.4 million barrels in the 2019-2024 period, with economic growth in Asia and the petrochemical

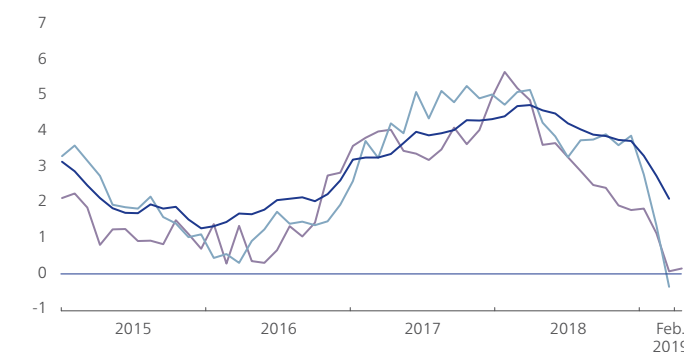
industry in the USA to be the key drivers behind the increase in demand for oil on a global scale. On the other hand, the OPEC predicts that crude oil production will decrease by 380,000 barrels per day by 2024.

GLOBAL ACTIVITY INDICATORS HAVE SLACKENED AS OF THE SECOND HALF OF 2018.

GLOBAL ACTIVITY INDICATORS

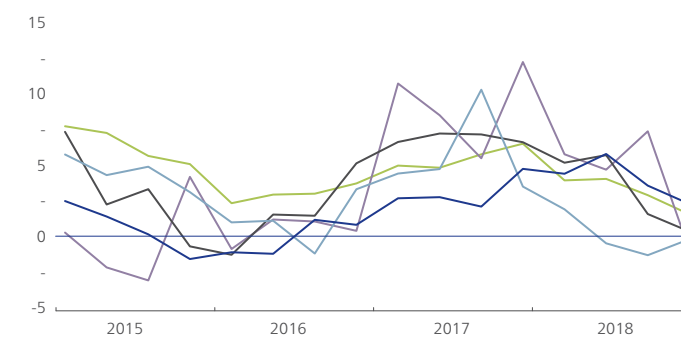
(Three-month moving average; year-over-year percent change, unless noted otherwise)

WORLD TRADE, INDUSTRIAL PRODUCTION AND MANUFACTURING PMI



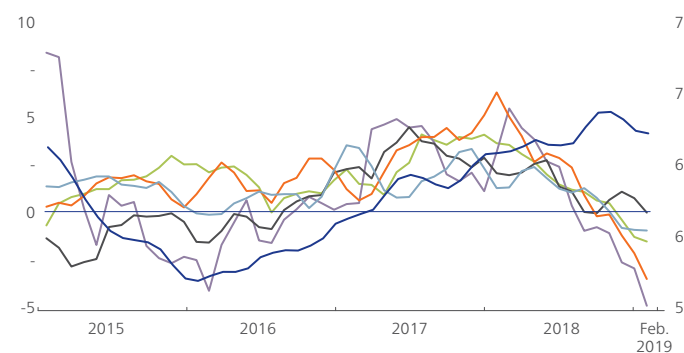
— Industrial Production
— World Trade Volume
— Manufacturing PMI: New Orders

REAL EXPORTS



— US
— Japan
— Euro Area
— UK
— China

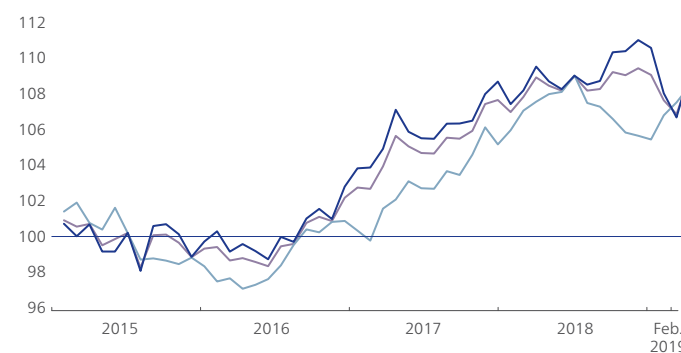
INDUSTRIAL PRODUCTION



— US
— UK
— Germany
— Japan
— China (Right Scale)
— Euro Area 4*

* Euro Area 4: Includes France, Italy, Netherlands, and Spain.

CONSUMER CONFIDENCE (Index, 2015=100)



— Advanced Economies¹
— Emerging Market Economies²
— World

¹ Australia, Canada (PMI only), Czech Republic, Denmark, Euro Area, Hong Kong, SAR (CC only), Israel, Japan, Korea, New Zealand (PMI only), Norway (CC only), Singapore (PMI only), Sweden (CC only), Switzerland, Taiwan Province of China, United Kingdom, United States.

² Argentina (CC only), Brazil, China, Colombia (CC only), Hungary, India (PMI only), Indonesia, Latvia (CC only), Malaysia (PMI only), Mexico (PMI only), Philippines (CC only), Poland, Russia, South Africa, Thailand (CC only), Turkey, Ukraine (CC only).

GLOBAL INFLATION

Due to falling crude oil prices, the global headline rate of inflation declined in developed and developing country groups in the last quarter of 2018. In the same period, the rate of core inflation edged higher in developed countries, but decreased in developing countries.

The US inflation rate declined in the last quarter of 2018, as the employment market remains brisk. The rate of inflation, which stood at 2.5% in October and 2.2% in November, declined to 1.9% in December.

Inflation, which had exhibited an upward trend until October 2018 in the Eurozone, where unemployment rates declined to historically low levels, declined again in November and December. The rate of inflation declined from 2.2% in October to 1.9% in November and 1.6% in December. The

ECB reduced its 2019 inflation forecast from 1.7% to 1.6%, while leaving its 2020 forecast unchanged at 1.7%.

The inflation rate in Japan, which was 1.2% in October 2018 when compared to the same month of the previous year, declined to 0.8% - a five month low - in November, and further to 0.3% in December. The fact that Japan stayed behind its inflation target of 2%, with the decline in oil prices was effective on the rates of inflation, strengthened expectations that Japan would maintain an expansionary monetary policy.

In China, which recorded its lowest rate of growth for 28 years, inflation stood at 2.2% in November, while producer prices increased by 2.7%.

With a normalization process in the monetary policy of developed countries in the coming period, the main risks to global headline inflation going forward

will be increasing volatility in global financial markets adversely affecting the exchange rates of developing countries through portfolio movements and the upward movement of crude oil prices in line with US economic policies and geopolitical developments.

In addition, the tightened labour market may be reflected to pay increases in developed countries, also standing as an upward risk factor for core inflation in developed countries.

Amid declining commodity prices, consumer price inflation followed a broadly horizontal course in developed economies. In some emerging economies, the loss of value in their currencies had an upward impact on domestic prices, and partially offset the downward pressure of lower commodity prices.



IN THE LAST QUARTER OF 2018, DUE TO FALLING CRUDE OIL PRICES, THE GLOBAL HEADLINE INFLATION RATE DECLINED IN DEVELOPED AND DEVELOPING COUNTRY GROUPS.

WITH THE FALL IN COMMODITY PRICES, CONSUMER PRICE INFLATION HAS FOLLOWED A RELATIVELY HORIZONTAL TREND IN DEVELOPED ECONOMIES.



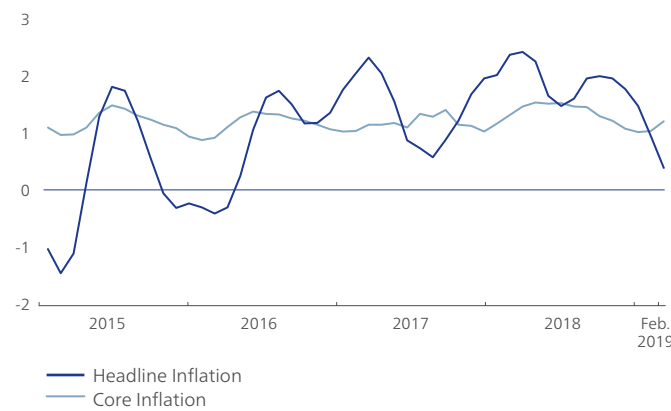
THE FEDERAL OPEN MARKET COMMITTEE (FOMC) RAISED INTEREST RATES FOR THE FOURTH TIME IN 2018, MAKING IT THE HIGHEST SINCE THE LAST 10 YEARS.



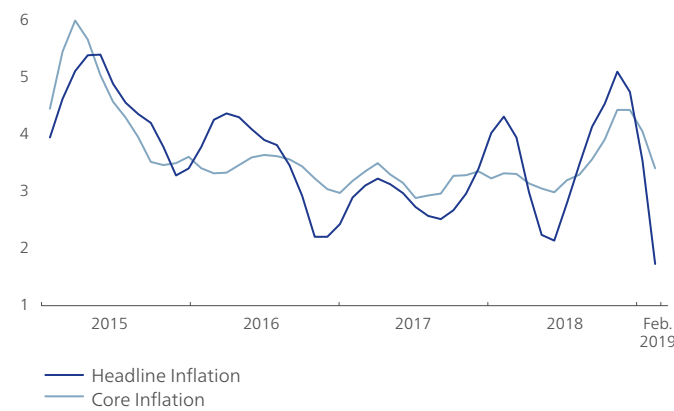
GLOBAL INFLATION

(Three-month moving average; annualized percent change, unless noted otherwise)

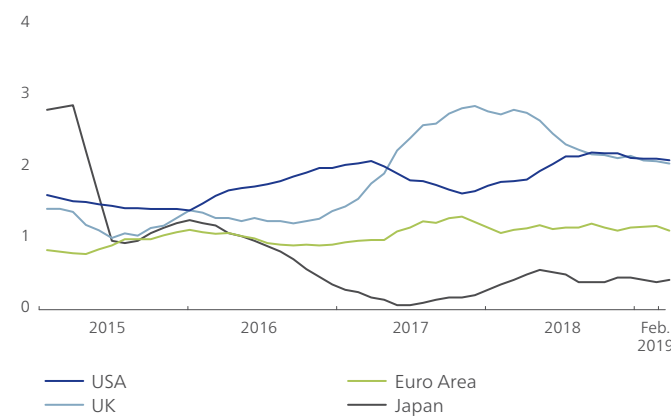
ADVANCED ECONOMIES



EMERGING MARKETS AND DEVELOPING ECONOMIES



CORE CONSUMER PRICE INFLATION



CONSUMER PRICE INFLATION EXPECTATIONS



GLOBAL MONETARY POLICIES

Global liquidity was observed to have shrunk as the US Federal Reserve (Fed) raised interest rates in December and the European Central Bank ended its asset purchase program.

Following the unanimous decision taken in its final meeting of 2018, Fed raised its interest rate by 25 basis points to a 2.25-2.5% band. The Federal Open Market Committee (FOMC) raised interest rates to its highest level in the last 10 years with the fourth rate of the year 2018. In its statement, Fed stated that the risks to the economic outlook were almost balanced and that global developments would be closely monitored. Moreover, the fact that Fed will continue to reduce the balance sheet in the same way indicates that it is insisting on monetary normalization, despite the interest rate hike.

On the other hand, the ECB terminated its bond purchase program by the end of December and declared that its zero interest rate policy would continue until at least mid-2019. Mounting concerns over the budget deficit and public debt stock in Italy, the temporary loss of activity in the automotive sector in Germany and the developments regarding the UK's exit from the EU were the factors reducing global risk appetite in the region.

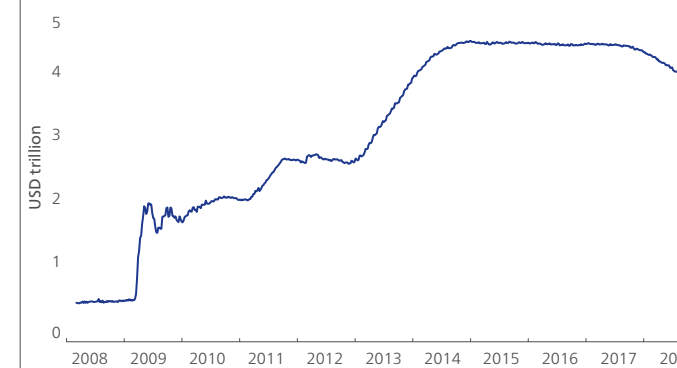
With more limited portfolio movements to developing countries when compared to 2017, the combination of a stronger US dollar, volatility in financial markets and rising risk premiums exacerbated capital outflows and the pressure on local currencies in some developing countries, while paving the way for central banks in some developing countries to pursue a tightening policy. The fluctuations in some countries, such as Argentina, which suffer from

a greater degree of macroeconomic vulnerabilities, also raised sensitivity in other developing countries.

In 2018, the effects of the tendency to continue the normalization process in the monetary policies of the central banks in leading developed countries, especially Fed, were significantly felt on long-term interest rates. With the tightening financial environment, US 10-year bond yields rose from 2.45% in early 2018 to 3.23% in mid-November. With heightened worries over global growth towards the end of the year, yields on US 10-year bonds decreased to less than 3% by the end of the year. The partial retreat in the US 10-year bond yield, which is referred to as the risk-free interest rate, also brought a modicum of relief to the central banks of developing countries in the last period of the year.

THE FEDERAL RESERVE BALANCE SHEET

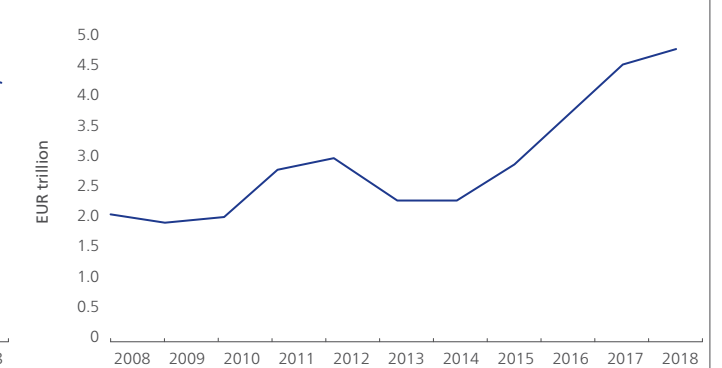
USD **4.0** trillion (31 December 2018)



Source: Fed

THE EUROPEAN CENTRAL BANK BALANCE SHEET

EUR **4.7** trillion (31 December 2018)



Source: ECB

Source: Consensus Economics, Haver Analytics, IMF staff calculation

EXPECTATIONS FOR THE UPCOMING PERIOD

The risks that could affect global growth in the coming period include escalating trade wars, tightening financial conditions, the possibility that the UK could leave the EU without an agreement and a sharper than expected slowdown in the Chinese economy.

The downside risks on global growth outlook of the upcoming period became apparent with the increasing protectionist tendencies, which raised the uncertainty of global economic policies. The IMF lowered its global growth forecast for 2019 by 0.2 percentage points for the USA, Euro Zone and Japan on the developed countries side, and it updated the global growth forecast for 2019 downward for the Asia, Latin America and Eastern Europe regions on the developing countries side. In this context, the slowdown in global economic growth observed in the second half of 2018 is expected to continue in 2019 as well.

In 2019, the US economy is expected to maintain its relatively strong performance, albeit at a slower pace.

It is thought that in this environment, in what meetings and at what rate the Fed will raise interest rates will depend on the developments in the global economy and financial markets. The US Federal Reserve, which lowered the interest rate hike expectation for 2019 from 3 to 2 at its December 2018 meeting, is expected to continue to reduce its balance sheet every month. The Fed President Jerome Powell's message that it will be more flexible and patient in the monetary policy steps has strengthened expectations that the Fed may take a break from interest rate hikes in 2019.

Current leading indicators across the Eurozone suggest that downside risks may persist in 2019 and that the moderate slowdown in the region may last longer than anticipated. The fact that inflation is off the target with both the slowdown observed in growth and the decline in oil prices suggest that the European Central Bank will continue to support the economy. To sum up, the expectation that the ECB, which has not increased interest rates since 2011, will maintain interest rates at the same level at least until 2020 is gaining weight.

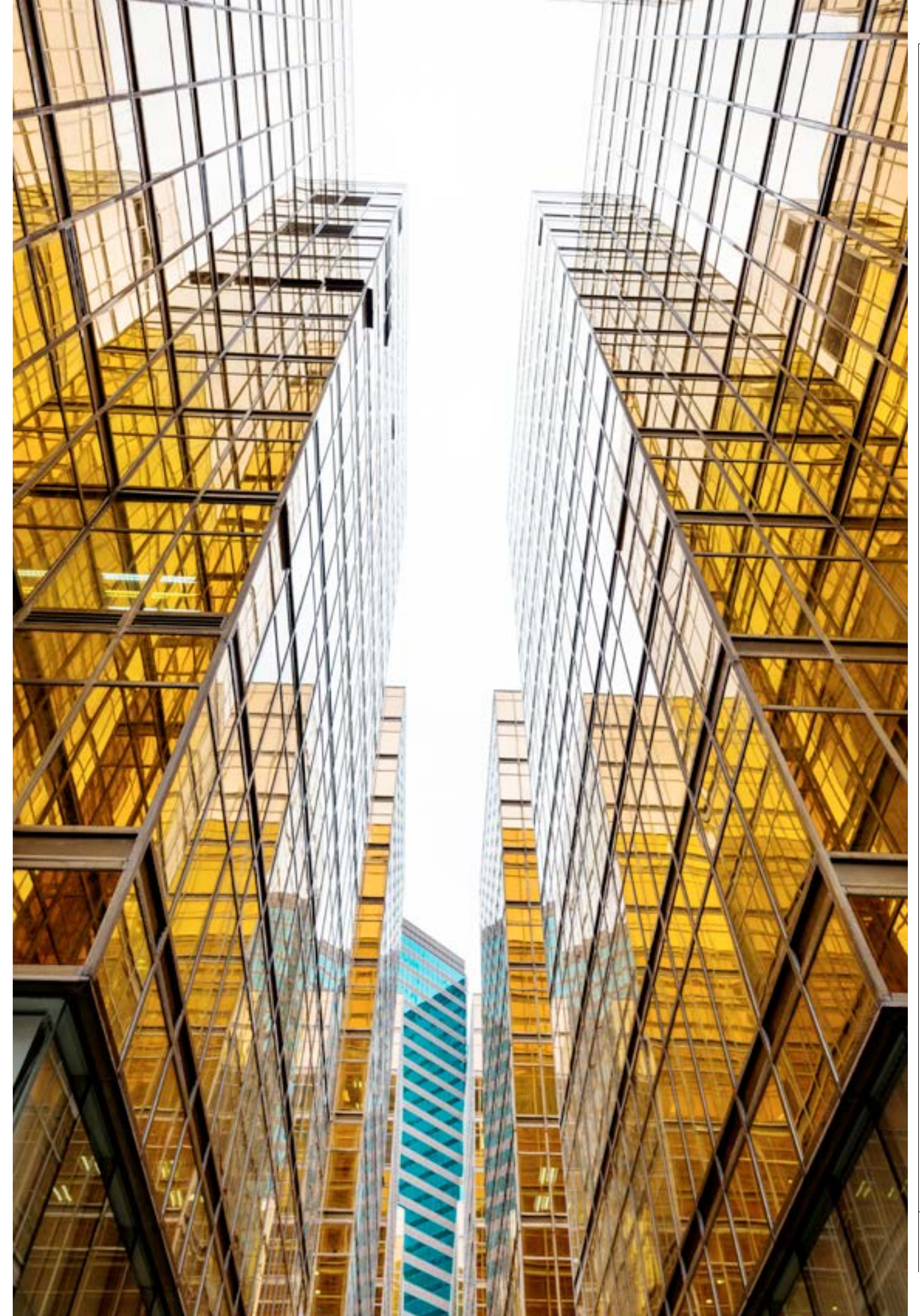
In the recent period, the expectation that the normalization path of the developed countries' monetary policy will be less tight compared to the previous period has strengthened, pointing out that portfolio flows, which have directed towards developing countries in 2019, may follow a more positive course. However, there is concern that the volatility in the financial markets of the economies with high external debts may remain high during the year, as it was in 2018.

On the other hand, due to the uncertainty observed in global economic policies, high volatility in the financial markets of developed countries, the current trade wars and ongoing political/geopolitical problems, it is anticipated that global risk appetite will decrease, the fragility of capital flows will continue and the world economy will slow down.

Sources:
IMF Global Economic Outlook Reports; OECD Economic Outlook Reports; CBRT; Presidency of Turkey, Presidency of Strategy and Budget



THE DOWNSIDE RISKS ON GLOBAL GROWTH OUTLOOK OF THE UPCOMING PERIOD BECAME APPARENT WITH THE INCREASING PROTECTIONIST TENDENCIES, WHICH RAISED THE UNCERTAINTY OF GLOBAL ECONOMIC POLICIES.



THE TURKISH ECONOMY

AS A RESULT OF THE REBALANCING IN THE SECOND HALF OF THE YEAR, NET EXPORTS OF GOODS AND SERVICES WERE THE DRIVING FORCE OF ECONOMIC GROWTH.

IN 2018, THE ADDED VALUE OF THE SERVICES SECTOR INCREASED BY 5.6%.

GROSS DOMESTIC PRODUCT, AS A CHAINED VOLUME INDEX, INCREASED BY 2.6% IN 2018 COMPARED TO THE PREVIOUS YEAR.

THE TURKISH ECONOMY HAS MAINTAINED A CONTINUOUS GROWTH FOR 9 CONSECUTIVE YEARS.

In the first half of 2018, while domestic demand-driven growth was observed, as a result of the balancing in the second half, net exports of goods and services constituted the driving force of economic growth.

Gross Domestic Product (GDP), as a chained volume index, increased by

2.6% in 2018 compared to the previous year. GDP, based on the production approach, increased by 19.1% at current prices in 2018 compared to the previous year reaching TL 3,701 billion (USD 784 billion). GDP per capita was calculated as USD 9,632.

An analysis of the activities that make up the GDP finds that as a chained volume index in 2018, the total added value of the agricultural sector increased by

1.3%, the industrial sector increased by 1.1%, while the construction sector decreased by 1.9%. In the same period, the added value of the services sector, which consists of the total of trade, transportation, accommodation and food service activities, increased by 5.6%.

In terms of spending, public spending and net external demand limited the slowdown in growth, mitigating the effect of the decline in stocks

GDP GROWTH

	GDP (TL billion)	GDP (USD billion)	GDP Growth Rate (%)	Per Capita Income (USD)
2011	1,394	832	11.1	11,205
2012	1,570	871	4.8	11,588
2013	1,810	950	8.5	12,480
2014	2,044	935	5.2	12,112
2015	2,339	862	6.1	11,019
2016	2,609	863	3.2	10,883
2017	3,105	851	7.4	10,597
2018	3,701	784	2.6	9,632

Source: TurkStat

GDP GROWTH BY SECTOR

Chain linked volume index percentage change [2009=100]

	2017				2018			
	I	II	III	IV	I	II	III	IV
Agriculture, Forestry and Fishing	5.0	7.0	3.6	6.1	7.3	-1.1	1.8	-0.5
Industry	6.1	5.9	15.4	9.3	7.9	4.0	0.1	-6.4
Manufacturing	5.6	5.9	16.8	8.8	8.4	4.4	0.5	-7.4
Construction	5.1	5.1	18.8	6.5	8.0	1.5	-5.6	-8.7
Services	6.4	6.3	21.8	9.3	10.5	8.9	4.8	-0.3
Information and Communications	10.9	11.8	15.2	13.9	5.7	6.9	3.4	2.9
Financial and Insurance Activities	9.8	9.3	-5.8	1.9	2.7	11.7	8.4	-16.2
Real Estate Activities	2.6	2.1	2.7	2.9	3.5	0.3	2.3	4.7
Professional, Administrative and Support Service Activities	7.1	5.7	16.4	12.2	12.0	-1.1	-7.3	-10.2
Public Administration, Training, Healthcare and Social Service Activities	2.5	2.8	3.2	5.3	4.5	12.4	11.4	5.7
Other Service Activities	2.4	5.8	10.0	11.2	9.2	3.3	1.3	-2.6
Total Sectors	5.8	5.5	11.8	8.0	7.5	5.5	2.1	-2.3
Taxes-Subsidies	0.9	3.7	9.2	3.0	6.0	4.2	-0.1	-8.1
GDP	5.3	5.3	11.5	7.3	7.4	5.3	1.8	-3.0

Source: TR Ministry of Treasury and Finance

GDP
3,701
(TL billion)

PER CAPITA GDP
9,632
USD

AN ANALYSIS OF THE ACTIVITIES COMPRISING GROSS DOMESTIC PRODUCT AS A CHAINED VOLUME INDEX IN 2018 FINDS THAT THE TOTAL ADDED VALUE OF THE AGRICULTURAL SECTOR INCREASED BY 1.3%, THE INDUSTRIAL SECTOR INCREASED BY 1.1%, WHILE THE TOTAL ADDED VALUE OF THE CONSTRUCTION SECTOR DECREASED BY 1.9%.

THE TURKISH ECONOMY

and the weakening of private sector consumption and investment. Net foreign demand contributed 6.7 points to overall economic growth, while public consumption expenditures and private consumption expenditures contributed 0.9 points and 0.7 points to growth, respectively.

Despite the contraction in the consumption of durables and semi-durable goods, expenditures on non-durables and services were among the

household expenditures. In the third quarter, when the Lira weakened and interest rates rose rapidly, the decline in investments and stocks reduced 1.1 points and 5.6 points, respectively, from the rate of growth.

According to figures adjusted for seasonal and calendar effects, industrial production contracted by 1.9% in October 2018 compared to the previous month, with the contraction on an annual basis reaching 5.7% when calendar adjusted. Although the

manufacturing industry purchasing managers index (PMI) indicates that this contraction in the industry may have slowed down in November and December, it confirms that the overall fragility persists.

The manufacturing industrial PMI, which stood at 42.7 in September 2018, edged up to 44.3 in October and 44.7 in November before inching down to 44.2 in December. The seasonally adjusted manufacturing industry capacity utilization rate, which was 76.2% at the end of the third quarter, decreased to 74.1% at the end of 2018.

MONTHLY PRODUCTION INDICATORS

(2015= 100, % change over the same month of the previous year)

	2018											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec
Total Industry	12.5	9.4	6.6	4.3	6.5	2.0	7.5	-11.3	3.8	-4.8	-7.0	-9.9
Intermediary Goods	16.9	11.4	6.3	5.9	5.4	2.2	6.5	-14.3	3.0	-9.1	-12.5	-15.2
Durable Consumer Goods	10.7	-1.1	-1.6	-4.2	6.1	-2.0	7.5	-21.6	-1.0	0.5	7.3	-9.5
Non-Durable Consumer Goods	11.9	9.9	10.6	8.9	9.6	4.5	13.1	-10.9	7.7	-1.3	-2.6	-6.1
Energy	3.5	0.6	2.2	2.6	2.9	4.0	4.1	-0.6	2.9	-0.8	-0.7	-1.2
Investment Goods	9.3	11.9	5.9	-1.4	6.0	-2.0	2.8	-9.1	2.1	-4.7	-8.8	-9.0
Mining	21.7	8.4	3.4	5.4	8.8	2.2	6.3	-7.3	4.5	0.3	-5.4	-5.4
Manufacturing Industry	12.9	10.2	7.0	4.4	6.8	1.7	7.9	-12.6	3.9	-5.2	-7.3	-10.8
Electricity, Gas, Steam and Air Conditioning Production and Distribution	3.2	1.5	3.4	3.7	1.6	4.4	3.1	-1.9	2.5	-1.9	-3.2	-1.8

MONTHLY CAPACITY UTILIZATION RATE IN MANUFACTURING INDUSTRY (%)

Manufacturing Industry	78.2	77.8	77.8	77.3	77.9	78.3	77.1	77.8	76.2	75.4	74.1	74.1
------------------------	------	------	------	------	------	------	------	------	------	------	------	------

Source: TR Ministry of Treasury and Finance

THE MANUFACTURING INDUSTRIAL PMI, WHICH STOOD AT 42.7 IN SEPTEMBER 2018, EDGED UP TO 44.3 IN OCTOBER AND 44.7 IN NOVEMBER BEFORE INCHING DOWN TO 44.2 IN DECEMBER.



AS OF 2018 YEAR-END, THE UNEMPLOYMENT RATE THROUGHOUT TURKEY STOOD AT 11% WITH A 0.1 PERCENTAGE POINT INCREASE.

UNEMPLOYMENT RATE REACHES 11%, WITH EMPLOYMENT RATIO OF 47.4%

Following the rapid growth and increase in employment in 2017, the labour market got off to a weak start in the first quarter of 2018, and employment recovered slightly at the end of the second quarter and at the beginning of the third quarter.

According to seasonally adjusted data, employment decreased by 37,000 in April and by 99,000 persons in May, and increased by 75,000 in the June period, which included July. Employment losses in the agricultural and construction sectors continued since the beginning of the year, while a moderate increase was recorded in industry and services.

Despite the weakening in economic activity, the deterioration in the labour market remained relatively limited in September. The increase in employment in the services sector in July and August, on the back of a brisk season for tourism, was effective in this.

As of the year-end of 2018, the rate of unemployment throughout Turkey stood at 11%, marking an increase of 0.1 percentage points. The unemployment rate stood at

9.5% for men, up by 0.1 percentage points, and at 13.9% for women, down by 0.2 percentage points. In 2018, the number of people aged 15 or over who were unemployed increased by 83,000 when compared to the previous year to be recorded as 3,537,000 people. The youth unemployment rate, which includes the 15-24 age group, decreased by 0.5 points to 20.3%, while the rate of unemployment for the 15-64 age group increased by 0.1 percentage points to 11.2%.

In 2018, the number of people in employment increased by 549,000 when compared to the previous year to reach 28,738,000 and the employment ratio increased by 0.3 points to 47.4%. The employment ratio for men stood at 65.7%, marking a 0.1 percentage point increase, and at 29.4% for women, an increase of 0.5 percentage points.

By the end of the year, the number of people employed in the agricultural sector had decreased by 167,000 persons, while the number of people employed in the non-agricultural sectors increased by 717,000. Of total employment, 18.4% were in agriculture, 19.7% in industry, 6.9% in construction and 54.9% in services.

LABOUR MARKET DEVELOPMENTS

	Annual						
	2012	2013	2014	2015	2016	2017	2018
Labour Force Participation Rate (%)	47.6	48.3	50.5	51.3	52.0	52.8	53.2
Labour Force (thousand)	26,141	27,047	28,786	29,678	30,535	31,643	32,274
Employed (thousand)	23,937	24,601	25,933	26,621	27,205	28,189	28,738
Agriculture (thousand)	5,301	5,204	5,470	5,483	5,305	5,464	5,297
Non-Agriculture (thousand)	18,636	19,397	20,463	21,138	21,900	22,724	23,441
Industry (thousand)	4,903	5,101	5,315	5,332	5,296	5,383	5,675
Services (thousand)	12,016	12,528	13,236	13,892	14,617	15,246	15,777
Construction (thousand)	1,717	1,768	1,912	1,914	1,987	2,095	1,992
Unemployed (thousand)	2,204	2,445	2,853	3,057	3,330	3,454	3,537
Unemployment Rate (%)	8.4	9.0	9.9	10.3	10.9	10.9	11.0
Non-Agricultural Unemployment Rate (%)	10.3	10.9	12.0	12.4	13.0	13.0	12.9
Youth Unemployment Rate (%)	15.8	17.1	17.9	18.5	19.6	20.8	20.3
Employment Rate by Sector (% Share)							
Agriculture	22.1	21.2	21.1	20.6	19.5	19.4	18.4
Non-Agriculture	77.9	78.8	78.9	79.4	80.5	80.6	81.6
Industry	20.5	20.7	20.5	20.0	19.5	19.1	19.7
Services	50.2	50.9	51.0	52.2	53.7	54.1	54.9
Construction	7.2	7.2	7.4	7.2	7.3	7.4	6.9

Source: TurkStat

INFLATION STARTED TO EDGE DOWN THANKS TO THE MEASURES TAKEN BY THE GOVERNMENT, A RECOVERY IN THE VALUE OF THE TURKISH LIRA, THE FALL IN OIL PRICES AND WEAK DOMESTIC DEMAND, ENDING 2018 AT 20.3%.



The workforce expanded by 631,000 in 2018 when compared to the previous year to reach a total of 32,274,000 people, and the participation rate in the workforce increased by 0.4 percentage points to 53.2%. The workforce participation rate for men stood at 72.7%, up by 0.2 percentage points, while the workforce participation rate for women stood at 34.2%, an increase of 0.6 percentage points.

INFLATION UNDER PRESSURE FROM DETERIORATION IN PRICING BEHAVIOUR

The annual rate of Consumer Price Inflation, which exceeded 24.5% at the end of the third quarter of 2018, rose to 25.2% in October due to the impact of higher food prices, the pass-through effect of exchange rate movements and the deterioration in pricing behaviour.

Inflation then started to decline thanks to the measures taken by the government, a recovery in the value of the Turkish Lira against other currencies, the fall in oil prices and weak domestic demand. The consumer price index (CPI), which fell by 1.44% on a monthly basis in November, declined by a further 0.40% in December with the same dynamics. As a result, the annual rate of inflation ended 2018 at 20.3%.

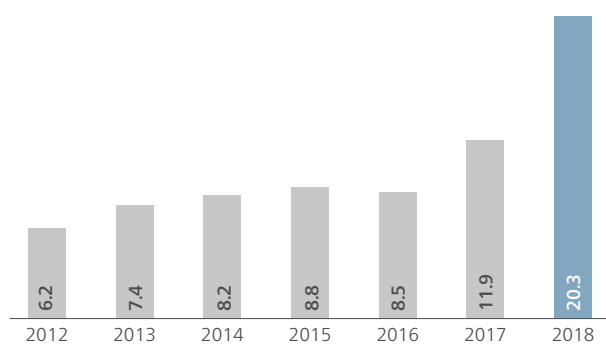
CHANGES IN PRICES

	2011	2012	2013	2014	2015	2016	2017	2018
Rate of change in 12 month moving averages								
PPI	11.1	6.1	4.5	10.3	5.3	4.3	15.8	27.01
CPI	6.5	8.9	7.5	8.9	7.7	7.8	11.1	16.33
Annual rate of change								
PPI	13.3	2.5	7.0	6.4	5.7	9.9	15.5	33.64
CPI	10.5	6.2	7.4	8.2	8.8	8.5	11.9	20.30

Source: TurkStat

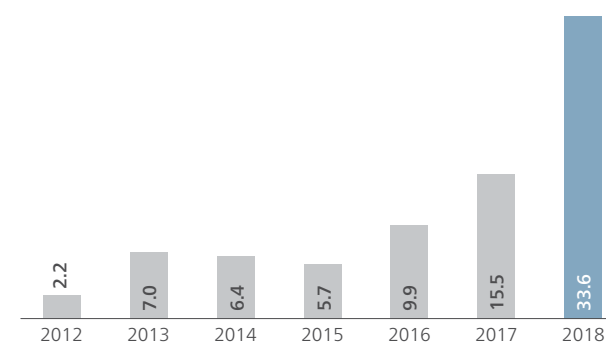
INFLATION IN TURKEY - CPI

20.3%



INFLATION IN TURKEY - PPI

33.6%



Source: TurkStat

The domestic producer price index decreased by 2.22% in December 2018 compared to the previous month, and increased by 33.64% compared to December of the previous year, while the 12-month average was 27.01% higher than the average of the previous 12-months.

Food prices were another factor behind the rise in general inflation, with annual food inflation exceeding 30% in October, amid cost increases and supply chain problems. The impact of the measures taken and the recovery in the value of the Lira went some way towards easing the pressure on food prices in November and December. The deterioration in pricing behaviour beyond cost increases had a more pronounced effect on core inflation, which excludes items such as food and energy which are subject to high volatility. The rate of core inflation, which rose to 24.3% in October as a result of the fall in the value of the Turkish Lira, receded to 19.5% in December. This decline was mainly a reflection of the measures taken by the government within the scope of the "Total Fight Against Inflation" program, and the recovery in the currency on goods prices.

EXPORT COVERAGE RATIO REACHES 83.8%

According to the foreign trade figures announced by the Turkish Statistical Institute (TSI), exports

increased by 7% to reach USD 168 billion in 2018, and imports decreased by 4.6% to USD 223 billion. The rate of exports coverage increased from 60% in December 2017 to 83.8% in December 2018.

Germany was the leading destination for Turkish exports, followed by the United Kingdom, Italy and Iraq. On the other hand, the highest level of imports came from Russia, followed by Germany, China and the USA.

In addition to the slowdown in domestic demand, and as a result of the decline in oil prices, imports continued to contract. However, despite the slowdown in the economies of Turkey's trading partners, the weakness of the TL enabled Turkey to maintain its competitive position in exports, paving the way for the continued growth in exports.

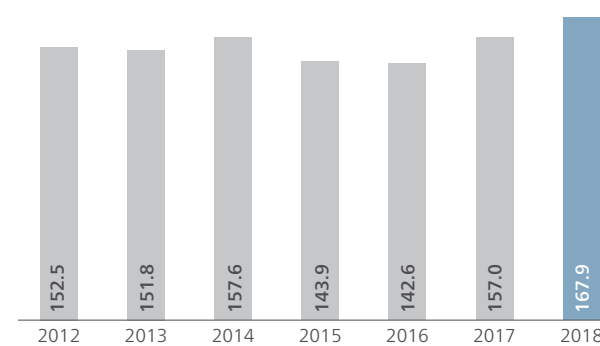
The unit value of the products exported from Turkey declined due to the Lira weakness in the period after August, although the values of the goods imported maintained their relative level. In December 2018, the export unit value index decreased by 4.2% compared to the same month of the previous year and the import unit value index remained unchanged in the same period.



GERMANY WAS THE LEADING DESTINATION FOR TURKISH EXPORTS, FOLLOWED BY THE UNITED KINGDOM, ITALY AND IRAQ.

ANNUAL EXPORTS

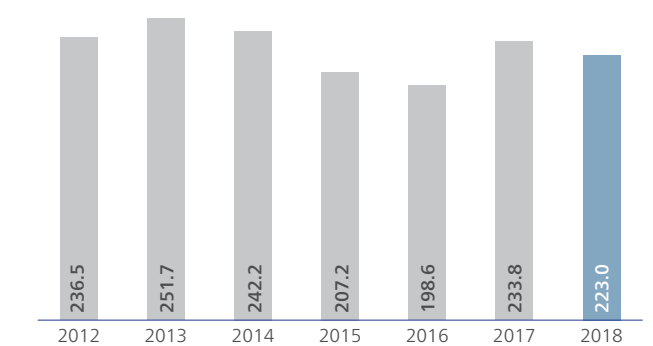
USD **167.9** billion



Source: TurkStat

ANNUAL IMPORTS

USD **223.0** billion



BALANCE OF PAYMENTS CURRENT ACCOUNT

(USD million)	2013	2014	2015	2016	2017	2018
CURRENT ACCOUNT	-63,642	-43,610	-32,145	-33,139	-47,347	-27,228
BALANCE OF FOREIGN TRADE	-79,917	-63,593	-48,128	-40,892	-58,955	-41,761
Exports F.O.B.	158,234	165,521	144,505	141,819	159,494	171,996
Imports C.I.F.	251,661	242,178	207,234	198,619	233,801	223,045
Non-monetary Gold (net)	-11,779	-3,896	3,955	1,790	-9,971	-8,713
Gold Exports	3,349	3,212	7,381	8,248	6,606	2,587
Gold Imports	15,128	7,108	3,426	6,458	16,577	11,300
BALANCE OF SERVICES	23,618	26,675	24,228	15,263	19,938	25,379
Travel	23,180	24,480	21,248	13,960	17,655	20,625
Revenues	27,997	29,552	26,616	18,743	22,478	25,220
Other Services	438	2,195	2,980	1,303	2,283	4,754
(%)	2013	2014	2015	2016	2017	2018
Balance of Current Account/GDP (%)	-6.7	-4.7	-3.7	-3.8	-5.6	-3.5

source: the CBRT
 Note: Since the annual GDP data has not been disclosed yet, the annual GDP has been calculated by the summation of 4 quarters.

BALANCE OF PAYMENTS CAPITAL AND FINANCIAL ACCOUNTS

(USD million)	2013	2014	2015	2016	2017	2018
CAPITAL ACCOUNT	-96	-70	-21	23	17	58
CAPITAL INFLOW EXCLUDING RESERVES	68,016	42,931	25,964	28,228	42,109	4,998
FINANCIAL ACCOUNTS *	-62,697	-43,161	-22,673	-22,012	-46,716	-6,893
Direct Investments	-9,927	-6,287	-14,178	-10,812	-8,845	-9,336
Portfolio Investments	-24,020	-20,216	15,458	-6,339	-24,476	2,863
Other Investments	-38,661	-16,190	-12,122	-5,674	-5,188	9,957
Reserve Assets	9,911	-468	-11,831	813	-8,207	-10,377
NET ERRORS AND OMISSIONS	1,041	519	9,493	11,104	614	20,277

source: the CBRT
 (*) In the 6th Handbook of Balance of Payments, Finance Accounts were aligned with the International Investment Position (IIP) outlook and marked with a negative sign.

THE FOREIGN TRADE DEFICIT, WHICH STOOD AT USD 76.8 BILLION IN 2017, DECREASED TO USD 55 BILLION IN 2018, WHILE THE CURRENT ACCOUNT DEFICIT DECREASED FROM USD 47.3 BILLION TO USD 27.8 BILLION.

ONLY A LIMITED RECOVERY IN THE CURRENT ACCOUNT DEFICIT

The recovery in the current account balance, which started in the third quarter, gained pace in the last quarter of the year due to the sharp contraction in the foreign trade deficit, the strong course of exports and the recovery in tourism receipts. Turkey produced a current account surplus for four consecutive months between August and November. However, the outflows experienced in the investment revenues item limited the recovery in the current account deficit.

The foreign trade deficit, which stood at USD 76.8 billion in 2017, decreased to USD 55 billion in 2018. The current account deficit narrowed from USD 47.3 billion to USD 27.8 billion. The ratio of the current account deficit to gross domestic product reached 6.5% in the first half of 2018 but declined to 5.5% in the third quarter due to the recovery in exports.

However, it is acknowledged by financial circles that improvements in the current account deficit can be realized through structural measures in the medium to long term, and that measures should be taken at the forefront of the structural aspect of the current account deficit.

LIRA RECOVERY AND DECLINE IN MARKET INTEREST RATES BY THE YEAR-END

Despite the volatility observed in global financial conditions, expectations that the normalization process in the monetary policies of developed economies would lose steam and with the effect of a limited decline in the US dollar, the currencies of developing countries posted some recovery.

The Turkish lira lost more than 40% of its value against the US dollar in August when compared to the end of the previous year. However, the TL started to recover due to the fall in foreign financing requirements as a result of the CBRT's interest rate hike and the slowdown in economic activity. This trend broadly continued in the last quarter of the year. In the last quarter of 2018, the TL nominally appreciated by 13.4% against the US dollar and strengthened by 15.3% against the Euro.

The CBRT, BRSA and the Ministry of Treasury and Finance took various decisions and measures to support the Turkish lira, ensure the effective functioning of financial markets and stimulate the domestic market. As a

result of the tight monetary policy stance adopted by the CBRT and the improvement in the inflation outlook, the Turkish lira positively decoupled from the currencies of other emerging markets at the end of 2018.

The CBRT increased the policy rate as part of its monetary tightening stance in the September meeting and raised the policy rate by 625 basis points to 24%, citing the deterioration in pricing behaviour as a risk of upside in the inflation outlook.

With the New Economic Program announced in September 2018, restoring price and financial stability in the short term, achieving a rebalancing and budget discipline in the economy and the realization of economic reform in the medium term in order to achieve sustainable growth and fair distribution were the goals adopted.

CBRT DECIDES TO MAINTAIN A TIGHT MONETARY POLICY STANCE IN 2019

The most recently announced figures indicate that the real adjustment in the economy continues rapidly with the balancing process becoming more evident. Weakening demand conditions are observed to have had a weakening effect on inflation, and this will support the fall in inflation throughout 2019. However, the high levels of inflation and inflation expectations continue to pose risks to the inflation outlook through pricing behaviour.

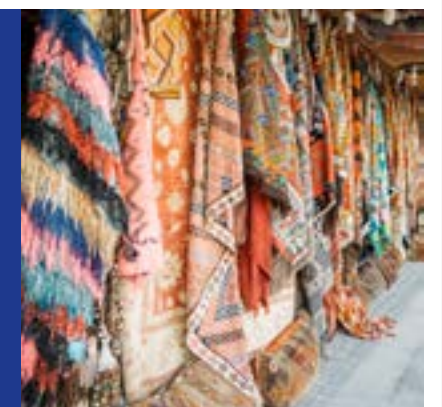
Despite a degree of recovery in recent months, the CBRT decided to maintain its tight monetary policy stance until a significant improvement in the inflation outlook had been achieved due to the ongoing risks to price stability. The main factor which will steer monetary policy decisions in the short term will be the emergence of a downward trend in the inflation outlook which can be considered as permanent.

Under the guidance of the New Economic Program and in line with the soft landing scenario, a strong consensus has emerged among market players that higher quality growth will be achieved in 2019. While the economy is expected to continue to rebalance in the first half of the year, it is thought that the clearer signs of a recovery will emerge later in the year due to the base effect and with the contribution of the tourism sector.

The fiscal policy set out in the CBRT's medium-term forecasts includes a policy stance that is in coordination with the monetary policy, focused on combating inflation and macroeconomic rebalancing within the framework of the New Economic Program.

In the case of excessive volatility in the markets due to fluctuations in global liquidity conditions and risk perceptions, liquidity measures may be used to provide the foreign exchange liquidity needed by the market in a timely, controlled and effective manner.

DESPITE A DEGREE OF RECOVERY IN RECENT MONTHS, THE CBRT DECIDED TO MAINTAIN ITS TIGHT MONETARY POLICY STANCE UNTIL A SIGNIFICANT IMPROVEMENT IN THE INFLATION OUTLOOK HAD BEEN ACHIEVED, DUE TO THE ONGOING RISKS TO PRICE STABILITY.



THE BANKING SECTOR

THERE WERE 52 BANKS OPERATING IN THE BANKING SECTOR AT THE END OF 2018, 34 OF WHICH WERE DEPOSIT BANKS, 13 WERE DEVELOPMENT AND INVESTMENT BANKS AND 5 OF WHICH WERE PARTICIPATION BANKS.

THROUGHOUT 2018, A TIME WHEN GLOBAL AND LOCAL UNCERTAINTIES REMAINED HIGH, THE TURKISH BANKING SECTOR CONTINUED TO GROW.

After the high growth observed in 2017, the Turkish economy indicated signs of overheating in an environment where global financial conditions tightened in 2018. As well as global developments, concerns over the widening current account deficit and rise in inflation placed pressure on the Lira and interest rates in Turkey, rendering the conditions of doing business more difficult for the Turkish banking sector. A number of important regulations were also introduced in the sector in 2018.

As banks were saddled with higher domestic and foreign financing costs, profitability was also constrained the reflection of cost increases to the sector's revenues due to the maturity mismatch, as well as the exchange rate mismatch between assets and liabilities. On the other hand, as domestic financial conditions started to moderate again, growth and profitability levels, which had been above global averages, returned towards their sustainable levels again.

THE TURKISH BANKING SECTOR IN NUMBERS

At the end of 2018, there were 52 banks operating in the banking sector, 34 of which were deposit banks, 13 development and investment banks and 5 participation banks.

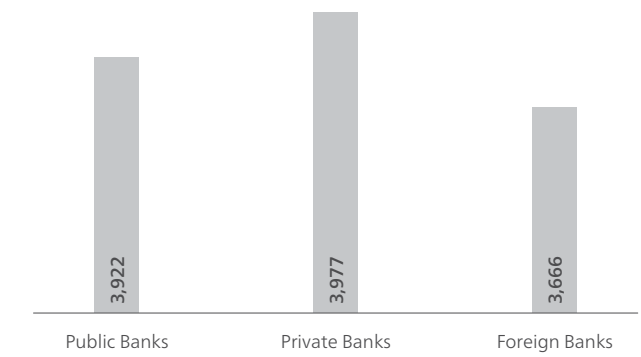
As of December 2018, deposit banks and development and investment banks had a total of 11,565 branches (down 0.17% from 11,585 in 2017), and the sector employed a total of 207,716 domestic and international personnel (down 0.27% from 208,280 in 2017).

Number of Banks	December 2018
Deposit Banks	32
Public Banks	3
Private Banks	8
Foreign Banks	21
Development and Investment Banks	13
Participation Banks	5
Total	50

Source: The BRSA

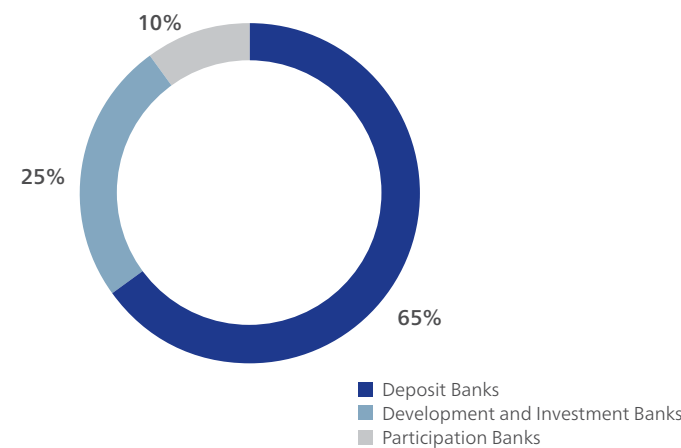
NUMBER OF BRANCHES

11,565 Branches

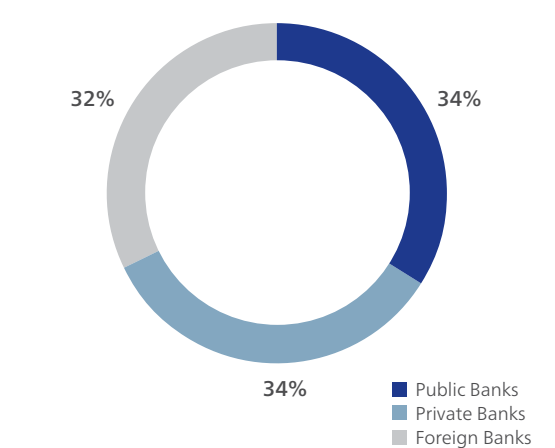


Source: The BRSA

BREAKDOWN OF NUMBER OF BANKS



BREAKDOWN OF NUMBER OF BRANCHES



THE BANKING SECTOR

THE BALANCE SHEET OF THE BANKING SECTOR

The total assets of the Turkish banking sector expanded by 18.7% in 2018 compared to the previous year, to TL 3,867.43 billion.

The annual rate of growth in loans, which accounted for 61% of assets, reached 38.3% in August, but had declined to 14.1% by the end of the year. As of 2018 year-end the sector's loan volume stood at TL 2,394.4 billion.

The slowdown in credit growth and the weakness of the Turkish Lira in the second half of the year sparked a rapid increase in the volume of non-performing loans, to TL 96.6 million. The annual growth rate of non-performing loans reached 51% when compared to the previous year, the most rapid increase seen since 2009.

Total deposits increased by 19% to TL 2,036 billion in 2018, compared to the previous year. The annual rate of growth in deposit volumes, which had reached as much as 39% due to exchange rate movements during the year, later declined as exchange rates reached a degree of balance and the economy slowed down.

In 2018, the securities portfolio increased by 19% compared to the previous year to reach TL 477.9 billion.

The sector's net profit for the period increased by 29.6% YoY in 2017, rose by 10% YoY in 2018 to reach TL 53.8 billion.

SELECTED INDICATORS

	2018 Amount (TL billion)	2017-2018 (%)
Assets		
Cash and Cash Equivalents*	412	57.6
Reserves	159	(30.0)
Loans	2,395	14.1
Non-performing Loans (gross)	97	51.0
Securities	477	19.0
Other Assets	327	21.5
Total Assets	3,867	18.7
Liabilities		
Deposits	2,036	19.0
Debt to Banks	563	18.4
Repo Transactions	97	(2.4)
Securities Issued	174	19.6
Shareholders' Equity	422	17.4
Other Liabilities	575	23.0
Total Liabilities	3,867	18.7

*Includes the total amount of cash, CBRT, and receivables from money markets and banks.

Source: The BRSA

ASSETS

At the end of 2018, 61.9% of the total assets in the banking sector were comprised of loans, with the securities portfolio accounting for a 12.4% share, cash reserves 10.6% and 15.1% of the total being comprised of other assets.

While the share of loans in total assets decreased when compared to the previous year, the share of cash reserves increased on the back of the sharp fall in loan growth as a result of the tightening in financial conditions following the fall in the value of the Turkish Lira in August and a general preference among banks to expand their liquid assets.

The ratio of foreign currency assets to total assets in the balance sheet stood at 44% with the ratio of total foreign currency liabilities to total liabilities being 50%.

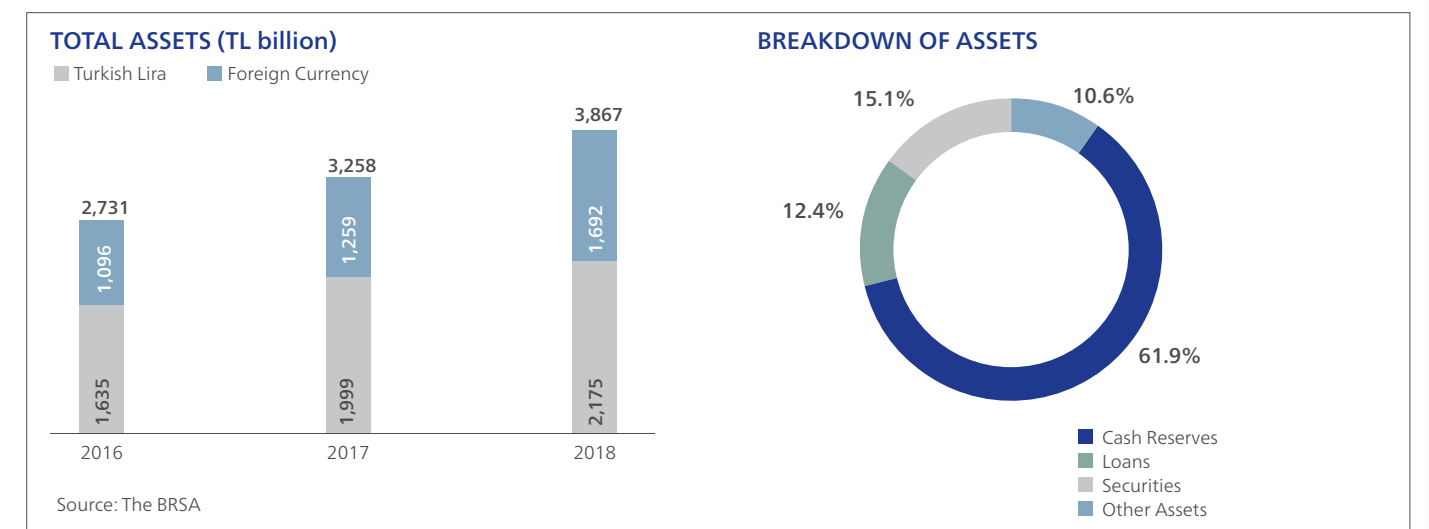
The volume of assets in the Turkish banking sector, which was influenced by exchange rate movements and the slowdown in the economy in 2018, increased by 18.7% compared to the previous year to stand at TL 3,867.13 billion. The annual rate of growth in assets, which was 19.3% at the end of 2017, rose to 50.2% due to the rise in foreign currency assets as a result of the sharp movement in exchange rates experienced in August 2018. With the slowdown experienced in the economy in the second half of the year, this rate of growth later declined to 18.7% by the end of the year.

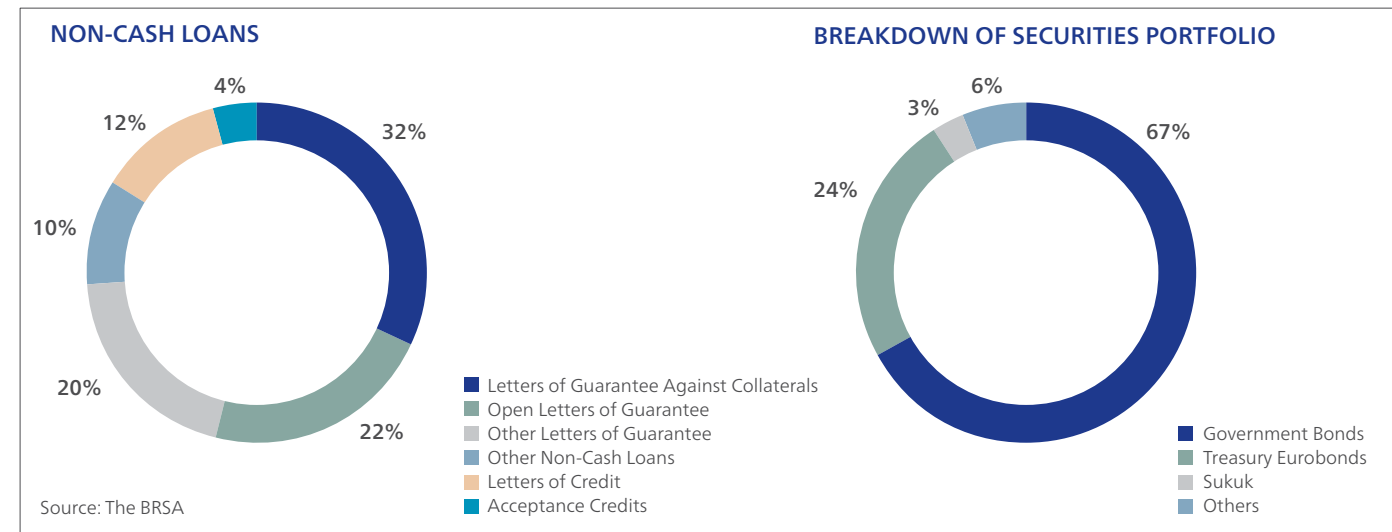
The movement in loans, which has a share of more than 60% in assets, had an impact on assets. The annual rate of loan growth decreased to 14.1% by the end of the year after having reached 38.3% in August, and total loans stood at TL 2,394.7 billion in 2018, of which TL 1,439 billion was denominated in Turkish currency and TL 956 billion was in foreign currency.

On the other hand, the annual rate of growth in foreign exchange adjusted loans declined to its lowest level since November 2009 - at just 4.3% by the end of 2018, serving as an indicator of how important the exchange rate is in determining the level of loan growth.



THE VOLUME OF ASSETS IN THE TURKISH BANKING SECTOR, WHICH WAS INFLUENCED BY EXCHANGE RATE MOVEMENTS AND THE SLOWDOWN IN THE ECONOMY IN 2018, INCREASED BY 18.7% YoY TO REACH TL 3,867.13 BILLION.





DEVELOPMENTS ACCORDING TO LOAN TYPE

Commercial loans, which accounted for 78.9% of total loans, increased by 17.4% on an annual basis to reach TL 1,890.5 billion in 2018. In 2018, the exchange rate effect played a decisive role in the level of commercial loans, almost half of which were denominated in foreign currency. Thus, the annual rate of growth in Turkish Lira (TL) commercial loans slowed to its lowest level since October 2009, at just 0.9%, while the annual rate of growth in foreign currency (FX) commercial loans stood at 39.8%.

An upward trend was observed in loan interest rates in general during 2018. Following the sharp rise in the third quarter, loan interest rates continued to climb in the final quarter of the year. In the fourth quarter, the highest increase was recorded in housing loan interest rates, which rose by 8.2 percentage points when compared to the previous quarter, while the steepest increase when compared to the previous year was seen in vehicle loan rates, with a 16.1 point increase. As a result of both the rise in interest rates and the slowdown in the economy, the annual rate of growth in personal loans declined to a historical low of 3.2% in 2018, with a total personal loan volume of TL 504.2 billion.

With only a negligible proportion of personal loans denominated in foreign currency, there was no increase in personal loans due to the movement in exchange rates. Due to the tightening in financial conditions observed in the second half of the year, the annual rate of increase in personal loans, which started to slow in July due to the decrease in mortgaged housing sales, continued to diminish until the end of the year.

As of December 2018, commercial and corporate loans stood at TL 1,278 billion, SME loans at TL 612 billion and consumer loans and credit card loans stood at TL 504 billion. In the same period, the volume of non-cash loans amounted to TL 781 billion. Letters of guarantee comprised the largest share in these loans, at 74%, while the share of letters of credit stood at 12%.

NON-PERFORMING LOANS

The sector's non-performing loans amounted to TL 96.6 billion in 2018, which is an increase of 51% compared to the previous year. Although the share of foreign currency loans in non-performing loans is very low, the share of foreign currency did increase significantly from 0.16% to 0.70% within the month of May 2018 to 4% in June 2018, reaching 5.5% by the end of the year. In this process, TL denominated non-performing loans also increased rapidly, after the 10% increase in the volume of TL denominated non-performing loans in 2017, with a surge of 42.8% in the volume of TL denominated non-performing loans during 2018. As a result of the increase in non-performing loans, the NPL (non-performing loans) ratio reached 3.88% - its highest level since November 2010.

SECURITIES PORTFOLIO

In 2018, the securities portfolio expanded by 19% compared to the previous year, reaching TL 477.9 billion. In August, when the exchange rates shifted sharply, the annual rate of growth in the FX Securities portfolio increased to 56.6%, before declining to 19.5% by the end of the year. As the annual rate of increase in the FX Securities portfolio slowed down, the gap between the annual rate increase of the securities portfolio and the annual rate of increase in exchange rate-adjusted securities portfolio was closed, and the annual rate of growth in the exchange rate-adjusted securities portfolio stood at 14.3% at the end of the year.

67% of the securities portfolio consisted of government bonds, 24% consisted of Eurobonds issued by the Treasury and 3% consisted of sukuk.

LIABILITIES

In 2018, deposits accounted for the largest share of the banking sector's total liabilities, with a 52.6% share, while non-deposit resources and shareholders' equity comprised 36% and 11% shares, respectively.

Debts to banks represented the highest non-deposit resource item with a share of 14.5% in total liabilities. In the last quarter of the year, the share of liabilities from non-deposit resources to money markets in total liabilities decreased from 2% in the previous quarter to 1.9%, and the share of debts to banks decreased from 16.3% to 14.5%. Despite the decline in non-deposit resources, the share of deposits increased by 1.9 percentage points.

DEPOSITS

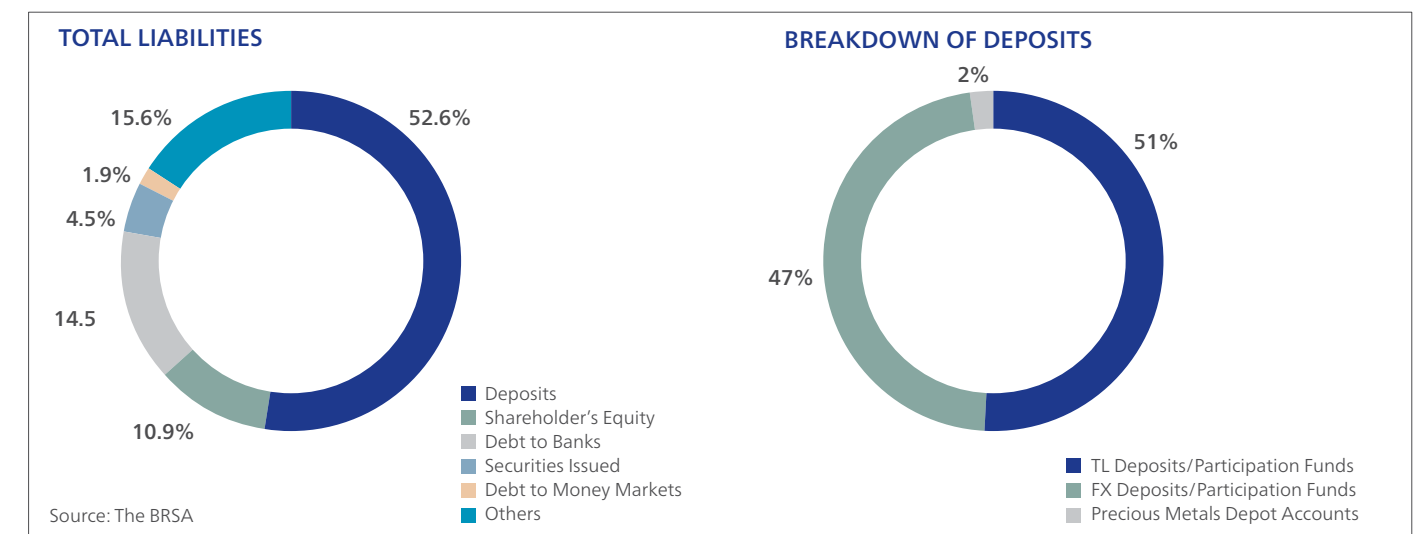
In 2018, total deposits increased by 19% compared to the previous year to reach TL 2,036 billion. The YoY rate of growth in deposits, which reached as much as 39% due to the change in the exchange rate during the year, decreased in the last quarter.

Of the total deposits, TL 1,042 billion were TL deposits or participation funds, TL 953 billion were foreign currency deposit accounts or participation funds and TL 41 billion were in precious metal accounts.

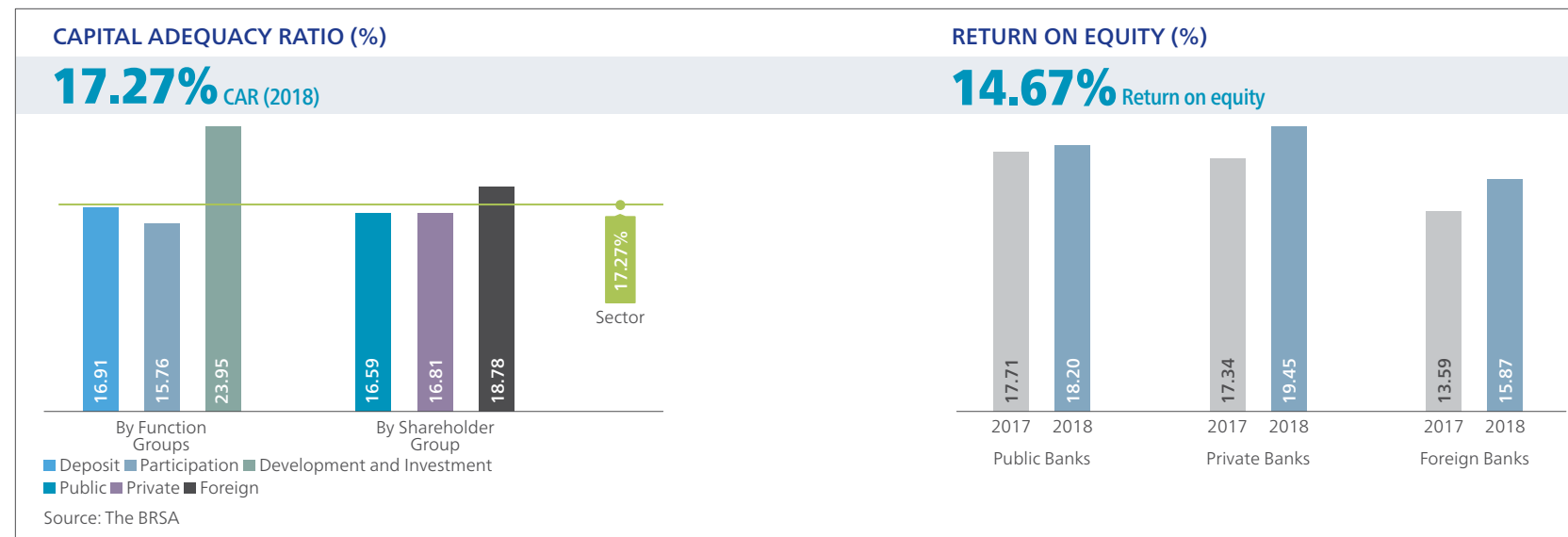
The share of the TL deposits, which was 55.8% in 2017, decreased to 51.2% in 2018, while the share of the FX deposits, which was 44.2% in the previous year, rose to 48.8% due to the shift in the exchange rates. In 2018, the rate of growth in TL deposits decreased by 3.8 percentage points to 9.1%, while rate of growth in FX deposits slowed to 31.4% by the end of the year having reached a historic peak of 69.9%.

On the other hand, the loan to deposit ratio decreased to its lowest level since the third quarter of 2015 due to the slower rate of increase in both deposits and loans in 2018, to stand at 117.6%. This high ratio continues to be instrumental in keeping deposit interest rates high.

THE LOAN TO DEPOSIT RATIO DECREASED TO 117.6%, ITS LOWEST LEVEL SINCE THE THIRD QUARTER OF 2015, ON THE BACK OF SLOWER GROWTH IN BOTH DEPOSITS AND LOANS IN 2018.



THE SECTOR'S NET PROFIT INCREASED BY 10% YOY IN 2018 TO TL 53.8 BILLION. THE RECOVERY OF THE TURKISH LIRA IN THE FOURTH QUARTER ALSO POSITIVELY AFFECTED THE BANKING SECTOR.



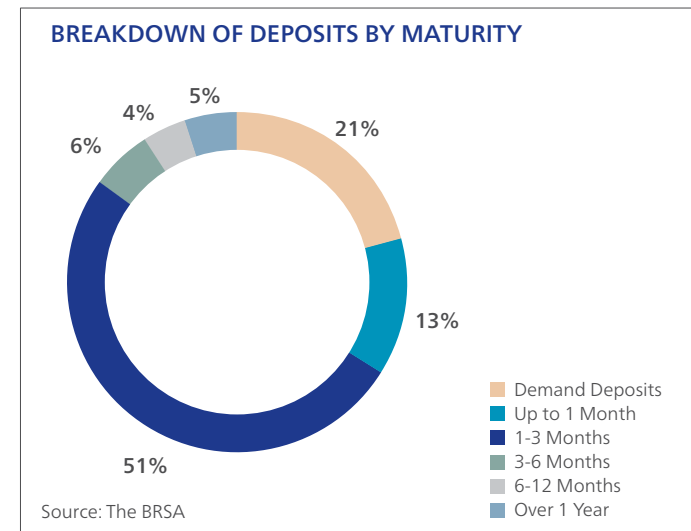
THE CAPITAL ADEQUACY RATIO - THE RATIO OF THE SECTOR'S CAPITAL TO RISK WEIGHTED ASSETS - INCREASED FROM 15.57% IN 2017 TO 17.27% IN 2018.

DEVELOPMENT OF DEPOSITS BY TYPE

While 62% of deposits belong to real persons, the share of commercial and other corporate deposits is 34% and the share of official institutions is 4%.

An analysis of deposits by maturity finds a concentration in the 1-3 month-maturity category in 2018. Deposits with a maturity of 1 to 3 months accounted for 51.2% of total deposits in 2018, followed by demand deposits with a 21.3% share. The share of time deposits with a maturity of 3-6 months stood at 6.4% and that of deposits with a maturity of 6-12 months stood at 3.6%.

On the other hand, while the share of time deposits with a maturity of 1-3 months decreased by 1.8 points compared to 2017, the share of time deposits with a maturity of 3-6 months increased by 2.4 points. Thus, the share of time deposits with a maturity of 1-3 months decreased to its lowest level since July 2013.



NON-DEPOSIT RESOURCES

Non-deposit resources increased by 18.7% in 2018 when compared to the previous year, reaching TL 1,409.9 billion. Due to the rapid increase in loans in the first three quarters of the year and a redoubling of the sector's efforts to seek resources to fund the increasing need for loans, there was a rapid increase in both deposits and non-deposit resources in 2018. In addition, non-deposit resources rose to a record high due to the rapid slide in the Lira and the rise in loan rates in the third quarter of the year, while the rate of increase slowed in the last quarter. As a result, the annual increase rate of non-deposit resources, which was 21.6% in 2017, declined to 18.7% in 2018.

On the other hand, the cost of non-deposit resources increased in 2018. In 2018, the US Federal Reserve (Fed) increased interest rates four times, raising the rate to a 2.25% - 2.50% band. Although the European Central Bank left interest rates unchanged during the year, it decided to end its program of asset purchases in 2018. These developments caused a tightening in global liquidity conditions, which led to an increase in the cost of foreign resources in 2018.

The slowdown in domestic economic activity as a result of the contraction following August's exchange rate shock reduced the banking sector's debt rollover ratio to its lowest level in recent times. In line with these developments, FX-denominated resources maintained their weight (48.4%) in non-deposit resources, while the share of TL-denominated resources increased by 0.3 points compared to 2017.

SHAREHOLDERS' EQUITY

In 2018, the sector's shareholders' equity increased by 17.4%, reaching TL 421.18 billion. A key factor behind the slower annual rate of growth in shareholders' equity, which had stood at 19.5% in 2017, was the decline in the annual profit growth. The percentage of shareholders' equity in total liabilities decreased by 0.1 points to 10.9% in 2018 compared to the previous year.

The capital adequacy ratio, which indicates the ratio of the sector's capital to risk weighted assets, increased from 15.57% in 2017 to 17.27% in 2018. In addition to the direct capital increase by some banks in 2018 and the use of subordinated loans by some banks, with the tightening in financial conditions following the exchange rate shock in August, slower growth in risk weighted assets relative to the increase in shareholders' equity led to an increase in the capital adequacy ratio in 2018.

In terms of the breakdown by banking type, the capital adequacy ratios stood at 16.91% in deposit banks, 15.76% in participation banks and 23.95% in investment banks.

PROFITABILITY

Net interest revenues increased by 29% YoY to reach TL 107.6 billion in 2018. Non-interest revenues, which had increased by 19.7% in 2017, increased by 38.1% YoY in 2018 to reach TL 76.9 billion. Net fees and commission revenues, consisting of fees and commissions taken from loans and the banking services revenues, increased by 33.9% in 2018. After having grown by 16.1% in 2017, fees and commissions from loans surged by 41.8% in 2018. Banking services revenues, which constitute 48% of non-interest revenues, increased by 21.2% in 2017 and by 31.6% in 2018.

The sector's net profit increased by 10% YoY, reaching TL 53.8 billion in 2018. Net fees and commission revenues continued to have a strong impact in the fourth quarter, positively affecting the banking sector as the TL recovered. The

slowdown in growth and the sharp movement in exchange rates, particularly in the third quarter of 2018, suppressed the profitability of the banks. In the same period, the rise in banks' non-performing loan ratios, due to the exchange rate volatility and the resulting rise in provision expenses negatively affected profitability.

However, despite the high course of deposit costs towards the end of the year and the contraction in the loan interest-deposit interest ratio caused by the decline in interest rate revenues on loans, the return on CPI-indexed bonds resulted in an increase in profitability. On the whole, it could be concluded that the banking sector managed to maintain its strong performance, despite the slowdown in economic activity in 2018.

IN 2019...

Although the negative impact of the turbulence in financial markets on the sector remained manageable in 2018, uncertainties and the risk of contagion to other sectors are seen as the main source of uncertainty hanging over the sector. Accordingly, the sector is expected to maintain its cautious approach in the medium term. However, the sector is expected to start taking strong steps forward again with the removal of uncertainties and the stabilization in resource costs.

It is anticipated that profitability will be maintained in the coming period thanks to operational improvements and efficiency-oriented efforts to be carried out by the banking sector.

Global factors such as the US Federal Reserve Bank being able to halt its interest rate hikes and the balance sheet reduction steps, especially in the second half of 2019, with the European Central Bank still yet to tighten its monetary policy, and with positive domestic developments such as the expected fall in inflation, banks are expected to step up their loan growth and expand loans rapidly in a manner to compensate for the slowdown experienced in the last quarter of 2018 and the first half of 2019. As a result, it is anticipated that the expected recovery in the economy will gain pace.

THE PARTICIPATION BANKING SECTOR

AT 2018 YEAR-END, FIVE PARTICIPATION BANKS OPERATING IN TURKEY HAD A TOTAL OF 1,122 BRANCHES.

PARTICIPATION BANKS, WHICH PLAY A COMPLEMENTARY ROLE IN THE TURKISH BANKING SYSTEM, CONTINUE TO INCREASE THEIR CONTRIBUTION TO THE NATIONAL ECONOMY.

AN INCREASING CONTRIBUTION TO THE NATIONAL ECONOMY

Participation banks, which play a complementary role in the Turkish banking system, continue to increase their contribution to the national economy.

The first application of participation banking in the Turkish financial system was the establishment of Special Finance Houses in 1985.

The rapid and systematic development phase of participation banks got underway with the related institutions gaining a bank status following the regulation set out in the Banking Law in 2005, and replacing special finance houses' names as participation banks. With this regulation, it was observed that the effectiveness of participation banks, brought under the scope of the Banking Law in terms of legal status, increased in the economic and financial cycle.

Together with deposit banks, development and investment banks, participation banks, which are one of the three key elements of the banking sector in Turkey, are also referred to as interest-free banks or Islamic banks. Participation banks are stated as complementary elements of the Turkish banking system,

not as institutions undertaking the one-to-one functions of development and deposit banks.

The main feature of participation banks is that they offer all banking products and services on an interest-free basis.

Participation banks operating on the interest-free principle conduct all kinds of banking activities in full compliance with this rule.

Participation banks work with partnership methods such as the labour-capital partnership (mudarabah), profit-loss partnership (musharakah), investment partnership (venture capital), ownership partnership, agricultural partnerships and investment agency (wakalah).

Participation banks, which collect funds with products such as special current accounts, profit and loss sharing accounts, investment agency accounts, gold accounts and sukuk, adhere to a banking model that also provides funds with products such as sale by profit declaration (murabaha), unprofitable sale (tevlie), sale by means of bargaining (musawamah), forward financing transaction (saleem), open account sales (istijrar) and commodity sales for liquidity (tawarruq).

PARTICIPATION BANKS IN NUMBERS

As of 2018, five participation banks were operating in Turkey - Albaraka Türk, Kuveyt Türk, Türkiye Finans, Ziraat Participation and Vakıf Participation. Emlak Participation Bank also joined these banks in 2019.

Türkiye Emlak Bankası A.Ş., which was brought into the liquidation process in 2001, was removed from this process in 2017. Following the Annual General Meeting held on 3 September 2018, its new articles of association were approved and its status was determined as a participation bank. The title of the bank was registered as Türkiye Emlak Katılım Bankası A.Ş. on 10 September 2018. The Bank's head office is located in Istanbul and serves with 85 employees. As of 31 December 2018, there were no branches of the bank in Turkey or abroad. The bank aims to increase its number of branches to 15 by the end of 2019.

According to figures for the end of 2018, the total number of domestic and foreign branches of the five participation banks operating in Turkey stood at 1,122, with the branches of the participation banks accounting for approximately 9.7% of the branch network of the banking sector.

As of the end of 2018, the total number of employees in participation banks increased by 4.2% compared to the previous year, reaching 15,654.

Building on their success with each passing year in the Turkish banking sector, participation banks have achieved healthy and sustainable growth. The participation banks in Turkey achieved successful results in 2018 in terms of their total assets, shareholders' equity, collected funds, disbursed loans, capital adequacy standard ratios and net profitability ratios.

The liability item in the balance sheet, which consists of savings collected from the public, the profit and loss sharing method has helped participation banks overcome crises by providing more breathing space to participation banks than can be offered by fixed rate liability. In addition, as participation banks are not affected by interest rate risk, they do not hold an open position and thus are not exposed to foreign exchange risk.

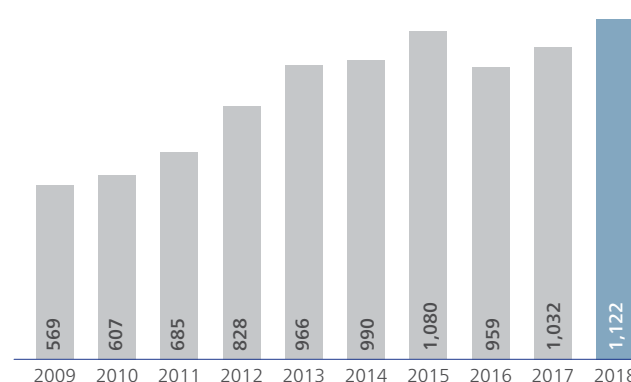
DEVELOPMENT IN THE NUMBER OF BRANCH AND PERSONNEL IN PARTICIPATION BANKS (2009-2018)

Years	Number of branches	Growth (%)	Number of Personnel	Growth (%)
2009	569	7	11,802	7
2010	607	7	12,677	7
2011	685	13	13,851	9
2012	828	21	15,356	11
2013	966	17	16,763	9
2014	990	2	16,270	(3.1)
2015	1,080	9	16,554	1.7
2016	959	(11.2)	14,467	(12.6)
2017	1,032	8	15,029	3.9
2018	1,122	8.7	15,654	4.2

Source: The BRSA

DEVELOPMENT IN THE NUMBER OF BRANCHES

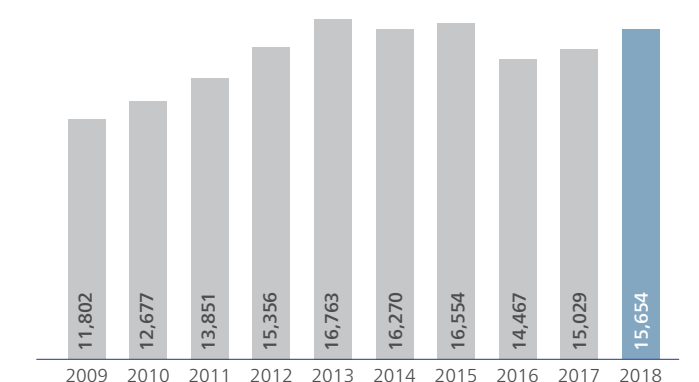
1,122 branches (2018)



Source: The BRSA

DEVELOPMENT IN THE NUMBER OF PERSONNEL

15,654 personnel (2018)

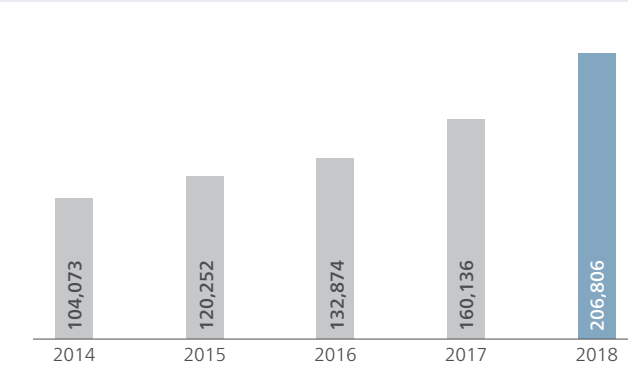




PARTICIPATION BANKING IS A TYPE OF BANKING WHICH REDUCES THE RISK OF LIABILITIES IN THE LIABILITIES OF THE BALANCE SHEET AND INCREASES THE SECURITY OF THE LOANS IN ITS ASSETS AND HENCE, THE ASSET QUALITY.

DEVELOPMENT IN TOTAL ASSETS (TL million)

29.1% growth (2018)



Source: TKBB, BRSA

Participation banks offer a wide array of advantages in the loans which are included in the assets of the balance sheet. For example,

- In accordance with the working principles of participation banks, the fact that the funds are disbursed in return for a specific project or commodity and equipment supply, and the payment of the financing fee is carried out to the vendor supplying the goods and services in exchange for an invoice, rather than the enterprise, prevents the use of funds being used in high-risk or speculative areas. This method facilitates control of the funds disbursed and the company.
- The disbursement of funds in instalments and the monthly collection of instalments in general increase the liquidity and security.
- The disbursement of funds in exchange for invoice prevents irrational behaviour in financing by limiting the use of funds by the enterprise beyond what is needed.

The total unconsolidated volume of assets of Albaraka Türk, Kuveyt Türk, Türkiye Finans, Vakıf Participation and Ziraat Participation, which are the participation banks operating in Turkey, increased by 29.1% in 2018 compared to the previous year, reaching TL 206.8 billion.

INTERNET BANKING DATA OF THE PARTICIPATION BANKING SECTOR

	2016	2017	2018
Number of Active Clients	515,290	636,436	1,501,135
Business Volume (TL thousand)	163,262,888	192,020,017	451,951,470

ALTERNATIVE DISTRIBUTION CHANNELS DATA OF THE PARTICIPATION BANKING SECTOR

Product/Service (Unit)	2016	2017	2018
ATM	1,523	1,688	1,922
POS	79,427	88,491	100,893
Bank Card	3,996,590	4,103,410	4,669,097
Credit Card	935,172	929,245	1,071,810

Source: TKBB

The net profit of the participation banks increased by 34.1% from TL 1,583 million in 2017 to TL 2,124 million in 2018. Total shareholders' equity increased by 23%, amounting to TL 16,796 million.

Among participation banks, Kuveyt Türk recorded the highest net profit at TL 869.8 million in 2018. In terms of net profit, Kuveyt Türk was followed by Türkiye Finans (TL 444.7 million), Vakıf Participation (TL 325.4 million), Ziraat Participation (TL 322.7 million) and Albaraka Türk (TL 134 million).

Vakıf Participation posted the sharpest YoY increase in net profit in 2018, with a 135.6% YoY increase in net profit. It was followed by Ziraat Participation (103.1% YoY increase in net profit) and Kuveyt Türk (29.1%).

Kuveyt Türk became the biggest participation bank in terms of its asset volume in 2018, with TL 74.2 billion of assets. It was followed by Türkiye Finans (TL 47.1 billion), and Albaraka Türk (TL 42.2 billion). Ziraat Participation and Vakıf Participation had total assets of TL 22.2 billion and TL 21 billion, respectively.

KEY INDICATORS OF PARTICIPATION BANKING SECTOR (TL MILLION)

	2017	2018	Change %
Funds Collected	105,310	137,220	30.3
Funds Collected TL	57,494	60,626	5.4
Funds Collected FC	43,180	67,790	57.0
Precious Metals FC	4,636	8,804	89.9
Funds Allocated	106,733	124,531	16.7
Total Assets	160,136	206,806	29.1
Shareholders' Equity	13,645	16,796	23.0
Net Profit	1,583	2,124	34.1

Source: The BRSA

The number of active customers of the five participation banks operating in Turkey exceeded 1.5 million in 2018, with the number of ATMs in the service network of participation banks approaching 2,000 and the total number of POS terminals exceeding 100,000.

The contribution of participation banks in attracting the Gulf capital, which offers wide ranging potential, to Turkey is becoming increasingly important. The Lease Certificates (Sukuk) recently issued by the Ministry of Treasury and Finance has allowed our country to draw a significant amount of capital from this region at a time when international resources have been in short supply.

Participation banks have been steadily increasing the volume of various structured financing products obtained from international markets at affordable costs and maturities, and have transformed these products into fund disbursements where their customers will gain a competitive advantage. Participation banks play an important role especially in "Murabaha" financing, which is provided by syndication from the Gulf region, and is becoming more popular day by day.

TOTAL SUKUK ISSUANCES BETWEEN 2010-2018

	Domestic (TL million)	Abroad (USD million)
Participation Banks	36,015	4,276
Ministry of Treasury and Finance	29,296	6,000
Total	65,311	10,276

Source: TKBB

WORKING TO RAISE THE CONTRIBUTION OF PARTICIPATION BANKS TO THE NATIONAL ECONOMY GOING FORWARD

Participation banks contribute to the economic sphere in various ways. The balance sheets of the participation banks, their number of branches, the number of personnel, the progress in the volume of funds collected and disbursed are directly reflected in the growth and development in the banking sector.

Sources: TurkStat, CBRT, TR Ministry of Treasury and Finance

ASSET DEVELOPMENT OF PARTICIPATION BANKS AND SECTORAL SHARE (TL MILLION, 2014-2018)

	Total Assets	Change %	Sector Share %
2014	104,073	8.4	5.2
2015	120,252	15.27	5.1
2016	132,874	10.5	4.9
2017	160,136	20.5	4.9
2018	206,806	29.1	5.3

Source: TKBB, BRSA

On the other hand, as SMEs, which are the companies offering a positive diversity driving the economy, represent the segment supported most by the participation banks, the economy gains a more dynamic dimension and creates a strong employment and income effect through the marginal return of investments and the impact of the investments feeding other sectors.

Participation banking provides income to deposit account holders through the transfer of non-banking resources to the system (making use of idle resources), thus regulating income distribution, contributing to the growth of the economy by transferring resources to the real sector and recording informal economic activity. These characteristics reveal the importance of participation banking in the economy.

The capital adequacy ratio of participation banks, which stood at 16% in 2018, demonstrated a strong capital structure while the participation banking segment's low NPL ratio demonstrated the high asset quality. However, simultaneous measures taken in our country to tackle macroeconomic volatility cannot completely eliminate the effects of the changes. This would require an unrelenting continuation of the structural transformation processes. For the financial sector, this structural transformation means developing different sub-sectors, widening product diversity and increasing financial accessibility. As an alternative financial sector and product-service type, participation banking and the interest-free finance system has become a sector which has proven to be a bulwark against economic volatility in many countries.

In recent years in Turkey, concrete steps have been taken such as the establishment of public participation banks, the launch of non-bank interest-free financial institutions, and the increase of public and private sector sukuk issuances. Various legislative regulations and structural reforms are expected to be implemented in the coming periods in order to increase the recognition and awareness of the sector among the wider population.

GLOBAL INTEREST-FREE FINANCE AND BANKING

THE INTEREST-FREE FINANCE INDUSTRY IS DOMINATED BY BANKS, ACCOUNTING FOR 71% OF TOTAL SECTOR ASSETS.

ACCORDING TO FIGURES FOR THE END OF 2017, THE INTEREST-FREE FINANCE SYSTEM CONSISTED OF 1389 INTEREST-FREE FINANCIAL INSTITUTIONS AND WINDOWS.

TOTAL ASSETS
2.2
USD trillion

THE GLOBAL INTEREST-FREE FINANCE SYSTEM CONTINUES TO GROW WITH NEW DYNAMICS

The volume of assets in the global interest-free finance system had increased to USD 2.44 trillion by the end of 2017, with a compound annual growth rate (CAGR) of 6% since 2012. Iran, Saudi Arabia and Malaysia maintained their positions as the largest markets, accounting for 65.5% (USD 1.6 trillion) of total assets.

In 2017, the total volume of interest-free financial assets in Saudi Arabia and Malaysia increased by 8% and 16%, respectively. In Saudi Arabia, the growth was realized largely on the back of domestic and international sukuk issuance. On the other hand, Iran underwent a decline in its interest-free assets as a result of the depreciation of its currency against the US dollar, and with the ongoing devaluation of the Riyal, Iran's interest-free financial assets are expected to fall further. This is despite the fact that in 2017 the assets of the country's interest-free financial institutions grew by 13% in local currency.

According to figures for the end of 2017, the interest-free finance system consisted of 1,389 interest-free financial institutions and windows. Of the 56 countries making up total assets, Cyprus, Nigeria and Australia were the countries to achieve the fastest growth in interest-free financial assets in 2017.

Just as it has been affecting the global financial system, digitalization has emerged as a strong trend also in various sectors of the interest-free finance industry. Considering the performance of each sector of the interest-free finance industry and the development of the surrounding ecosystem, total assets are projected to grow at an average rate of 10% per annum to a potential USD 3.8 trillion by 2023.

BANKS IN 69 COUNTRIES OFFERING INTEREST-FREE FINANCIAL SERVICES

Interest-free banking assets, which comprise the largest share in the interest-free finance system, amounted to a total of USD 1.7 trillion at the end of 2017, having posted a CAGR of 5% in the 2012-2017 period. These assets accounted for 71% of the sector's assets at the end of 2017. There has been an ongoing trend of consolidation in the interest-free banking sector with

a number of large-scale mergers and acquisitions in major markets such as Malaysia and the Gulf Cooperation Council (GCC).

The sector includes commercial, wholesale and other types of banks, with commercial banking being the main driver of the growth of the sector. With 8 interest-free banks entering the market in Morocco in 2017 and 2018, and Suriname opening the first interest-free bank in South America, the interest-free finance sector has spread to new countries through retail banking services. As a result of the market entry of Morocco and Suriname, the number of countries with banks providing interest-free financial services has increased to 69.

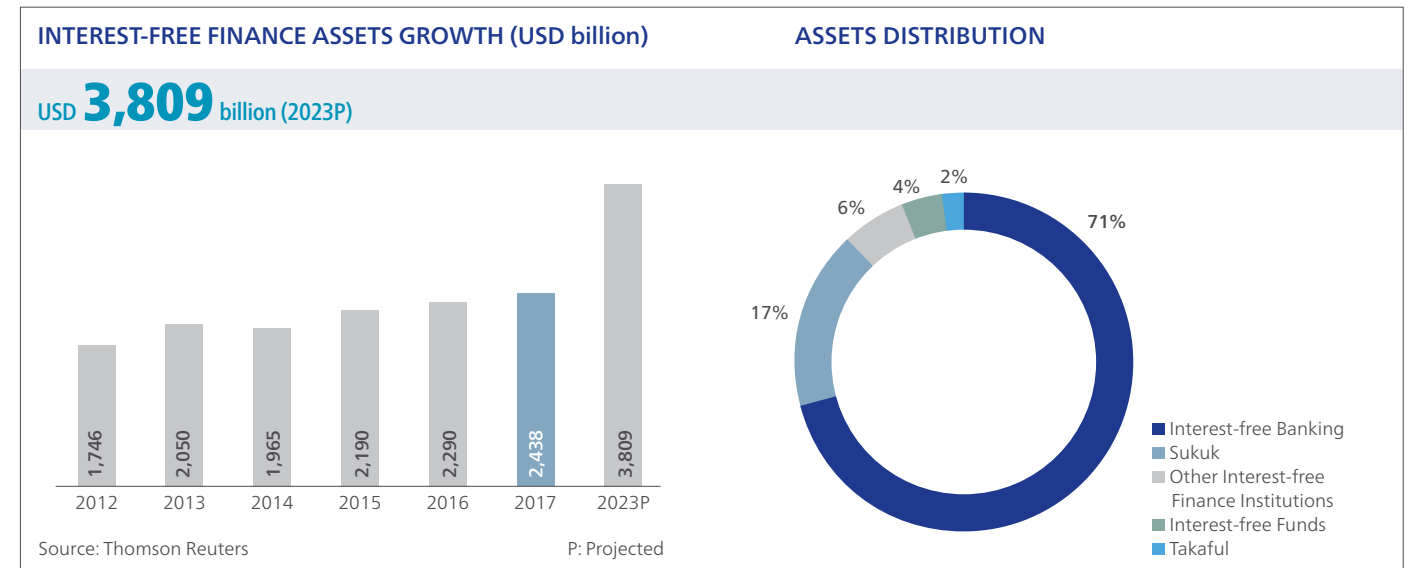
A number of developments indicate the growing momentum of the sector; the Malawi government approving the provision of interest-free banking services through interest-free windows for the time being; Coris Bank International opening interest-free banking units in Mali, Senegal, Benin and Ivory Coast in June 2018; and the efforts by Storebrand, a Norwegian bank in Europe, to provide interest-free "halal debt" products are a few examples.

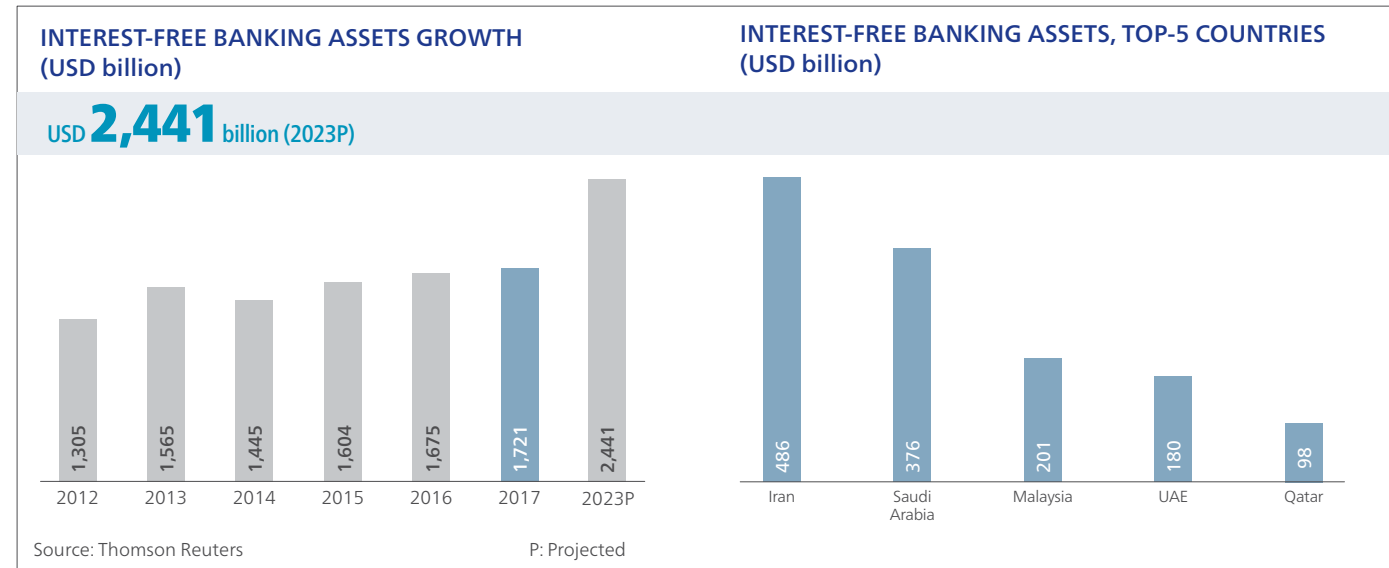
At the end of 2017, there were 505 interest-free banks, including 207 interest-free windows. However, the number of players is not a direct indicator of the sector's asset size. For example, in Saudi Arabia, which is the second largest market of interest-free finance, there are only 16 interest-free banks, including windows - fewer than relatively smaller markets such as Malaysia and the UAE.

The digital revolution has begun to transform the interest-free banking sector with the entry of interest-free digital banks into the market. The addition of the digital affiliates of banks can

help them to increase their presence in different geographical regions, such as Europe and Africa.

Africa is seen as a potential growth area in interest-free banking. Banks continue to open interest-free windows in this region and the number of governments encouraging this is increasing day by day. The successful opening of various interest-free banking subsidiaries and windows in Morocco in 2017 and 2018 contributed to the spread of interest-free banking in Africa.





INTEREST-FREE CAPITAL MARKETS SERVING AS A PIONEERING FORCE IN THE SECTOR'S GROWTH

The growth of interest-free capital markets consisting of lease certificates (sukuk) and interest-free funds outperformed interest-free financial institutions. Sukuk assets had amounted to USD 426 billion by the end of 2017, amounting to 17% of total sector assets after notching up an annual compound growth rate of 9% between 2012 and 2017. Malaysia, which remains the largest sukuk market, opened this market to retail investors while also launching a grant scheme for green sukuk issuers. Saudi Arabia, on the other hand, is increasingly competing for sukuk issuance. In 2017, Saudi Arabia broke a record of USD 26 billion, mostly through domestic and international sovereign sukuk issuances, and continued its issuances in 2018.

The total volume of interest-free funds, which demonstrated its fastest growth yet in the 2012-2017 period, reached USD 110 billion, constituting 4% of total interest-free financial assets with a compound annual growth rate of 16%. While the sector is concentrated in Iran, Saudi Arabia and Malaysia, which account for 87% of total assets, interest-free funds generally remain at a low level despite the strong demographic structure of these countries in favouring investments.

In 2017, 41 mutual funds were established in Malaysia, 32 in Pakistan and 31 in Indonesia. Most of these funds hold mixed assets. Despite the strong demographic structures for interest-free investments in these countries, Pakistan and Indonesia remain outside the top five of the market in terms of interest-free funds. Globally, 70% of interest-free funds have a volume of less than USD 25 million, with most of them being less than USD 1 million.

The digital revolution is expected to play an important role in the development of these markets. In contrast to asset management companies, which are generally open to wealthy individuals and corporate investors, newly established digital interest-free asset management companies enable a higher number of customers to access this service by offering low-cost funds that can serve customers, whom are non-wealthy.

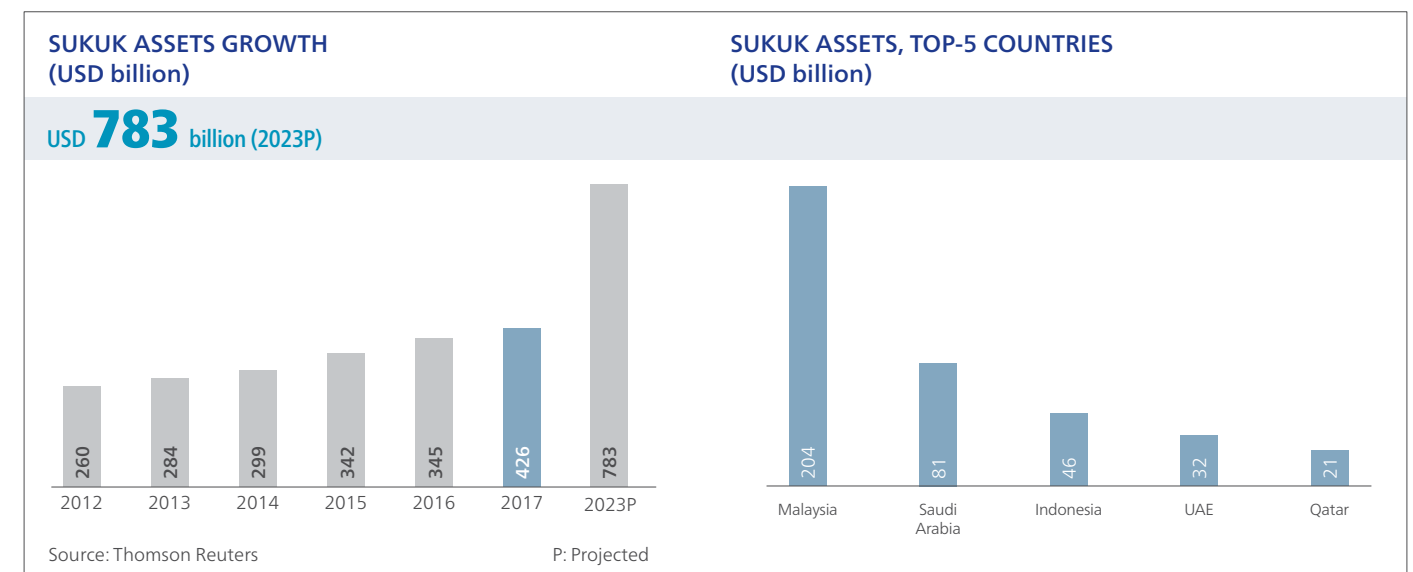
AN INCREASING NUMBER OF SUKUK ISSUANCES

Sukuk is the second largest contributor to the interest-free financial sector's assets. In 2017, 19 countries issued a total of USD 85 billion worth of sukuk. Private sector issuances accounted for 63% of this amount, with public issuances comprising 31% of the total.

In 2017, Malaysia continued to be the leading country in terms of the total volume of the sukuk market and issuance volume (USD 35 billion). In terms of issuance size, Malaysia is followed by Saudi Arabia (USD 26 billion) and Indonesia (USD 9 billion).

Sukuk issuances are expected to continue in these three markets. The Malaysian Securities Commission announced that it had opened up its bond and sukuk markets to retail investors. After Indonesia successfully issued its first green sukuk in Asia, Malaysia launched a grant scheme for green sukuk issuers. The convergence between interest-free finance and the ESG (environmental and social governance) criteria increased interest in green sukuk. Meanwhile, Saudi Arabia completed its second international sukuk sale in September 2018, adding USD 2 billion to its sukuk portfolio in addition to its domestic issuances.

Global sukuk issuances were observed to lose some pace in the first half of 2018. Total sukuk issuance declined to USD 44 billion, a fall of 15% compared to the same period of the previous year. This reduction in performance can be attributed to the absence of the large issuances in the GCC countries which was seen in 2017. The sharp decline witnessed in the second quarter of the year gave way to an upward trend in the third quarter. In the second half of 2018, the issuance of sukuk stood at USD 35 billion. Considering factors such as the contraction in global liquidity conditions and the negative impact of increasing geopolitical risks in the Middle East on investor appetite, the continued upward trend in sukuk issuances - despite some loss of momentum - also offers hope for the coming period. Malaysia is expected to maintain its position as the driving force of the growth of the sukuk market thanks to its strong market fundamentals and the state's support for interest-free finance.



SHARE OF TAKAFUL REMAINS RELATIVELY SMALL

Takaful grew at a CAGR of 6% in the 2012-2017 period, reaching USD 46 billion. The takaful sector, which constitutes 2% of total interest-free financial assets, offers more growth potential with the entry of Nigeria and the UK into the market.

Similar to the banking industry, there is a trend of consolidation in the sector, where a total of 324 institutions provide takaful services. The recent developments include Takaful Emarat's takeover of Bahrain's Al Hilal Takaful and the merger of the Solidarity Group with its Bahrain-based units, which are Solidarity General Takaful and Al Ahlia Insurance.

Despite still having a small share in the interest-free finance system, interest in the takaful market is increasing. Nigeria stands out with its accelerated development in this field, which has been noticeable since the government issued the takaful guidelines in 2013 to deepen insurance penetration and with the establishment of Jaiz Takaful in 2017, which is the country's first fully-fledged takaful company. In Nigeria, there are 5 takaful service providers when interest-free windows are also included.

London has also put in efforts to emerge as a centre for takaful. The Islamic Insurance Association of London (IIAL), the sectoral body of the UK, announced that legal standards are being prepared for interest-free commercial insurance in terms of compliance with the principles of interest-free finance and that opinions have been obtained from Islamic law scholars. The IIAL aims to issue these standards by 2019. The takaful sector is expected to play an important role in the UK's insurance industry, as the government is looking for new business opportunities after Brexit. Also in London, AIG UK introduced the first interest-free finance-compliant guarantee and indemnity policy in London's merger and acquisition insurance market with Cobolt Underwriting's interest-free window solution.

FINTECH INITIATIVES ARE SEEN AS KEY FOR THE GROWTH OF THE SYSTEM

Non-banking interest-free financial institutions posted a CAGR of 4% between 2012 and 2017, accounting for 6% of total system assets, reaching USD 135 billion. This sector is likely to experience further digital transformations following the launch of interest-free crowdfunding and the cryptocurrency initiatives in recent years.

Financial technology or fintech companies are part of the non-banking interest-free financial institutions sector, which includes financing, real estate and other types of companies. A number of innovations took place in the field of interest-free fintech enterprise in 2017. In addition to the technology departments and digital services of interest-free banks and insurance companies, fintech companies are also expected to play a greater role in the development of the sector.

One of the key areas for interest-free fintech companies is crowdfunding. As in the conventional finance sector, interest-free crowdfunding may be utilized to support various initiatives such as improving the impact of interest-free social finance, supporting state development projects and financing SMEs. One example in this area is Ethis Ventures, a company based in Singapore and Malaysia, which operates different crowdfunding platforms that provide financing in areas such as real estate, healthcare, education and small businesses.

Another area of development for interest-free fintech is interest-free cryptocurrencies. ADAB Solutions, which is the first cryptocurrency operating in accordance with interest-free finance principles, is among the startups in this field in the United Arab Emirates.

It is anticipated that initiatives shaping the interest-free fintech field will have an increasingly significant effect on the interest-free finance industry.

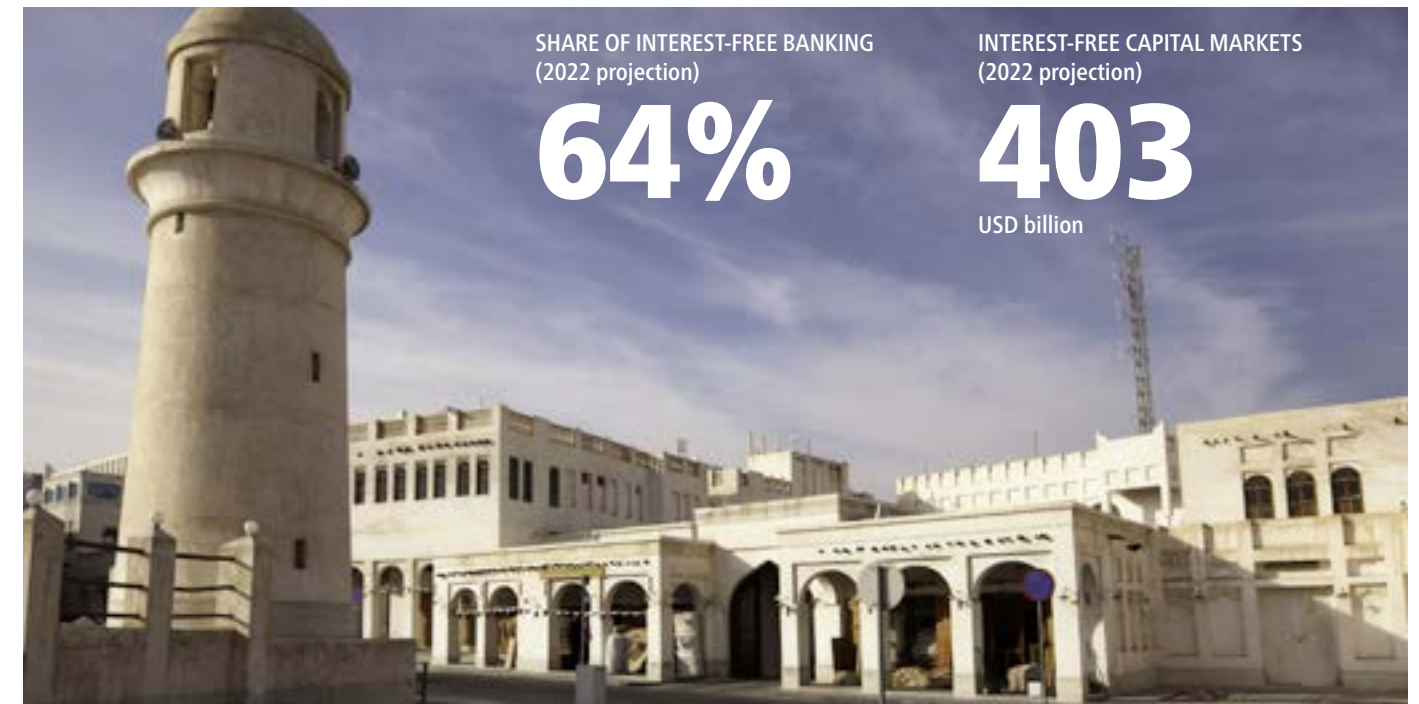
FINTECH OFFERS NEW AREAS FOR THE DEVELOPMENT OF THE SYSTEM

According to IFN Islamic Fintech Landscape, there were approximately 100 interest-free fintech companies at the end of February 2018. Approximately 70% of these companies were active in providing financial services such as money transfer, crowdfunding and digital banking, while 30% of them operate in the technical infrastructure field such as IT, artificial intelligence and robotics. Approximately 46% of these companies are in Asia. Some of the Fintech companies (for example, crowdfunding companies) are seen in a role complementary to existing interest-free banking, while others could unsettle the future of mainstream interest-free financial institutions.

Fintech provides ease of transaction and speed, especially in terms of payment services, money transfer and infrastructure servers. The interest-free finance industry is expected to increase the number of people using financial services by making use of fintech's ability to provide more services than traditional financing. On the other hand, further use of regulatory technology (regtech) in order to ensure compliance of transactions with the principles of interest-free finance and achieve transaction traceability, and the use of a block chain in order to support identity protection are seen as areas that will continue to undergo rapid development in the short and medium term.

Fintech will also help expand financial participation and reach new customer segments that are currently excluded from the banking system. For example, the provision of products such as mobile banking for customers in remote areas, and mass funding for SMEs point to a new axis of growth. Examples of interest-free finance crowdfunding which have recently attracted attention include Beehive in Dubai or Invoice Wakalah in Pakistan.

ONE OF THE KEY AREAS FOR INTEREST-FREE FINTECH COMPANIES IS CROWDFUNDING. INTEREST-FREE CROWDFUNDING MAY BE UTILIZED TO SUPPORT VARIOUS INITIATIVES SUCH AS IMPROVING THE IMPACT OF INTEREST-FREE SOCIAL FINANCE, SUPPORTING STATE DEVELOPMENT PROJECTS AND FINANCING SMES.



STANDARDIZATION TO BOOST THE GROWTH OF THE SYSTEM

The determination of standards in terms of the compliance of interest-free financial instruments with Islamic finance principles and ensuring the standardization of legal documents used in this context will bolster the sector's growth through the positive effects it will create in terms of clarifying risks for investors, facilitating the sukuk issuance process and creating more suitable and large space for innovation.

Standardization in the sukuk markets will encourage growth in the sector by facilitating the sukuk issuance process, which is more complex and time consuming than traditional bonds. Because of this complexity, some issuers prefer conventional bond issuances rather than sukuk issuances. Investors also raise concerns over the complexity of assessing risk exposure when investing in sukuk. Due to the lack of compliance with Islamic finance principles in the sukuk issuance by the United Arab Emirates based energy company, Dana Gas, a default took place, serving as a warning for the sector.

It is recognized that a certain level of standardization has been achieved for the most common products of the interest-free financial market, and that some new instruments still require improvement. In particular, investors demand greater clarity about the risks associated with the Murabaha-Mudaraba structure, which is widely used in some countries.

EFFORTS TO RAISE KNOW-HOW AND AWARENESS TO PROMOTE THE DEVELOPMENT OF INTEREST-FREE FINANCE SYSTEM

The development of the interest-free finance system is directly linked to the increase of awareness and the level of academic education and knowledge in this field, as well as financial institutions and instruments. When the data compiled in the

Thomson Reuters 2018 Islamic Finance Development Report on the activities carried out in 2017 is reviewed, the following points stand out;

In the ranking of institutions providing education on interest-free finance, the UK ranks at the top of the list with 80 institutions, followed by Malaysia with 59, Indonesia with 57, the United Arab Emirates with 50, and Pakistan with 37. In 2017, there were 688 institutions providing education on interest-free finance worldwide.

In research studies conducted in the area of interest-free finance, between 2015 and 2017, Malaysia took the lead with 559 scientific articles, ranking ahead of Indonesia, Pakistan, the UK and the United States. During this period, Indonesia published 235, Pakistan 102, the UK 62 and the United States 55 scientific papers.

In 2017, Malaysia, Pakistan, Indonesia, the United Arab Emirates and Brunei hosted the most events on interest-free finance.

The report emphasized that interest-free finance is an area of increasing interest in the world, citing Romania and New Zealand as the countries to have achieved progress in interest-free finance certificate training.

In another important trend, globally renowned universities have started to offer education on interest-free finance. 14 of the 100 universities listed in the top 100 world universities ranking by the Times Higher Education offer interest-free finance education. While educational cooperation between universities in Bahrain, Malaysia and the UK is seen as a remarkable development, it is stated that the main problem of interest-free finance education is the shortage of trained academics.

Sources:
 THOMSON REUTERS/Islamic Finance Development Report 2018
 S&P/Islamic Finance Outlook, 2019 Edition
 IIFM/ Sukuk Report (7th Edition), April 2018
 ISLAMIC FINANCIAL SERVICES BOARD/Islamic Financial Services Industry Stability Report 2018
 Islamic Finance Bulletin-World Bank Group/Issue 42, December 2018



PARTICIPATION BANKS

THE TOTAL ASSET SIZE OF THE PARTICIPATION BANKS OPERATING IN TURKEY INCREASED BY 29.1% YoY IN 2018, REACHING TL 206.8 BILLION.

THE NET PROFIT OF PARTICIPATION BANKS INCREASED BY 34.1% YoY FROM TL 1,583 MILLION IN 2017 TO TL 2,124 MILLION IN 2018.

PARTICIPATION BANKS ASSOCIATION OF TURKEY CENTRAL ADVISORY BOARD



DECISIONS TAKEN BY THE CENTRAL ADVISORY BOARD, WHICH OPERATES ACCORDING TO AN INDEPENDENT DECISION-MAKING PROCESS, ARE OF GREAT IMPORTANCE FOR THE INTEGRITY AND REGULARITY OF THE PRACTICES IN THE SECTOR.

Pursuant to the decision taken by the Banking Regulation and Supervision Agency (BRSA) dated 22/02/2018 and numbered 7736 in order to determine the professional principles and standards regarding participation banking, the Communiqué on the Formation, Duties, Working Procedures and Principles of the Advisory Board established by the TKBB entered force.

The duties of the Central Advisory Board include following the standards published by international organizations in the field of participation banking, reaching general decisions to eliminate differences in implementation between participation banks when deemed necessary in the area of application, to provide opinions to public institutions and organizations, professional organizations which have the qualification of being a public institution, and other organizations within the scope of interest-free financial activities, to organize educational programs on the professional principles and standards of participation banking and to issue publications.

Prof. Dr. Rahmi Yaran serves as Chairman of the Central Advisory Board, while Prof. Dr. Hasan Hacak serves as the Deputy Chairman of the Central Advisory Board. Prof. Dr. Abdullah Kahraman, Prof. Dr. Ahmet Yaman and Temel Hazıroğlu are the other members of the Advisory Board. In addition, specialists and assistant specialists from various fields such as theology, economics, business administration and

Islamic sciences are employed in order to ensure the effective performance of activities under the Central Advisory Board, to carry out research activities and to prepare and follow up work reports.

For more than thirty years before the Central Advisory Board was established, every bank or organization in Turkey working in the field of participation finance, pioneered by participation banks, only worked with the approval of its own sharia advisors. Therefore, the decisions and practices of each organization varied, and it was not possible to negotiate these practices, which were limited to institutions, in academic circles with wide participation. The Central Advisory Board was established as an independent Board, when the provisions of the Communiqué were examined. The decisions taken by the Central Advisory Board, which works in an independent decision-making environment, are of great importance for the integrity and regularity of the practices in the sector. In addition, the Central Advisory Board works

in consultation with academics and specialists who have special studies on issues to be decided, before the decisions to be taken. Creation of the Turkey-specific participation banking principles and standards are of great importance in terms of sustainability of the perception and working model of participation banking in Turkey.

The Central Advisory Board, which started its activities in May 2018, conducts studies on the current accumulated questions and opinions. The Central Advisory Board is working on the preparation of a list of priorities covering the areas for which standards will be produced. Borsa Istanbul is also conducting joint studies with the Turkey Capital Markets Association in order to determine the principles and standards in the field of interest-free capital market. It organizes training programs with the participation of experts and assistant experts within the Board and the experts in the advisory committee of participation banks.

THE CENTRAL ADVISORY BOARD, WHICH STARTED ITS ACTIVITIES IN MAY 2018, CONDUCTS STUDIES ON THE CURRENT ACCUMULATED QUESTIONS AND OPINIONS.



ALBARAKA TÜRK GENERAL MANAGER'S MESSAGE



IN 2019, ALBARAKA WILL CONTINUE TO PRIORITISE CUSTOMER SATISFACTION WITH DIGITALIZATION, INNOVATION AND NEW GENERATION BANKING APPROACH.

Melihşah UTKU
General Manager-Albaraka Türk

ALBARAKA FOCUSED ON SUSTAINABLE GROWTH AND INCREASING ASSET QUALITY ON CREDIT SIDE IN THE VOLATILE ENVIRONMENT OF 2018.



ALBARAKA TÜRK KATILIM BANKASI A.Ş.

Establishment Date	1985
Main Shareholders*	Foreign Shareholders (65.99%) Albaraka Banking Group (54.06%) Islamic Development Bank (7.84%) Alharthy Family (3.46%) Other (0.64%) Domestic Shareholders (8.77%) Publicly Quoted (25.23%)
Chairman	Adnan Ahmed Yusuf ABDULMALEK
General Manager	Melihşah UTKU
Headquarters	Saray Mah. Dr. Adnan Büyükdeniz Cad. No: 6 34768 Ümraniye-İstanbul
Phone	+90 216 666 01 01
Fax	+90 216 666 16 00
Website	www.albaraka.com.tr
Telex	27061 abrt tr - 26459 albt tr
SWIFT Code	BTFH TR IS
Number of Branches	230
Number of Employees	3,988

2018 has been a year when capital flows to developing countries were volatile in the shade of uncertainties in global economic policy and cost of finance was increasing. US Government's protective approach in its foreign trade policy and steps taken in regards to normalization of Fed monetary policy caused a decrease in risk appetite at the global scale. All these downward steps in global economic growth caused concerns for US economy by all means, although to a lesser extent than the developing countries. Hence, we observe that US yield curve turning in the opposite direction and slowing of growth performance as a result of reduced impact of tax reductions caused an increase in question marks on Fed's tightening policy.

On the other hand, despite European Central Bank ending asset purchases based on their meeting in December, inflation has not reached to expected levels and even gone into a relatively decreasing trend resulting in a loose monetary policy which will continue in the foreseeable future. In line with this, ECB has repeated its position not to change interest rates at least until 2019 summer. On EU policy side, uncertainties in Italy, Brexit and recent protest activities in France can be listed as factors delaying the tightening in growth. In this context, we anticipate the recovery and increase of capital inflow to the group of countries that we are a part of thanks to attractive returns we offer and environment of confidence in 2019.

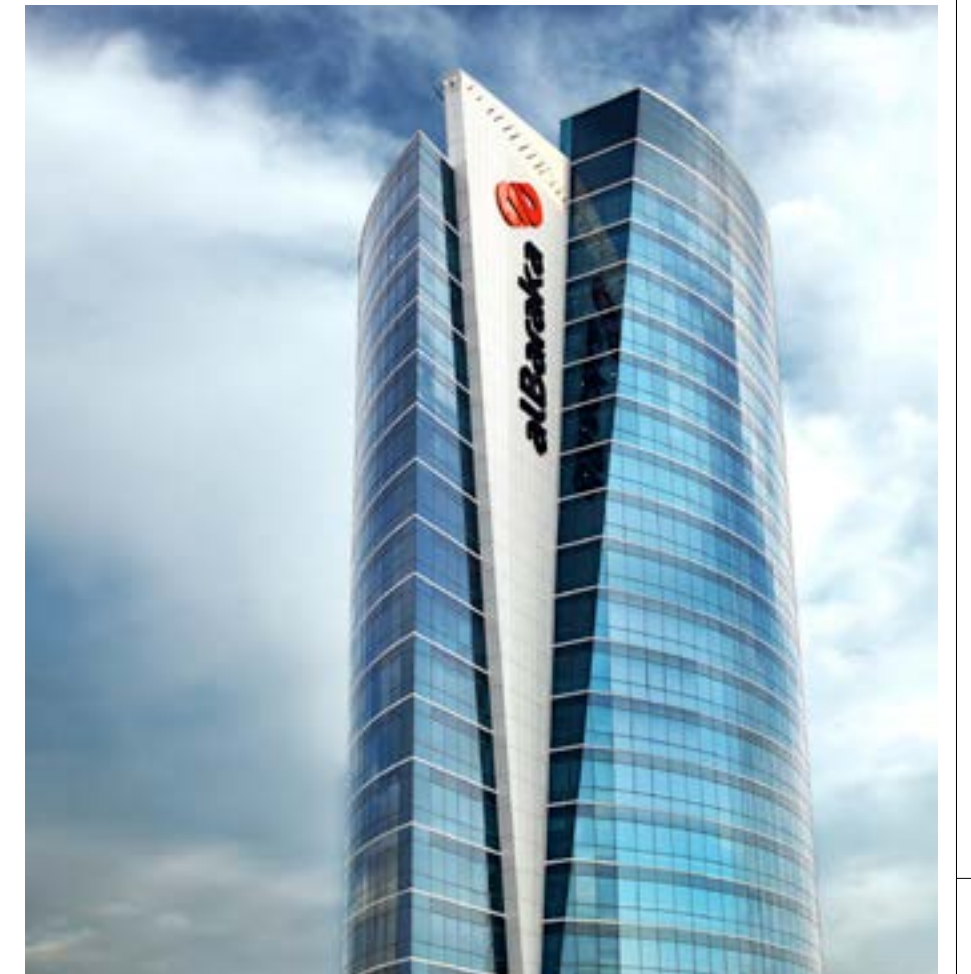
Our economy has gone through a foreign currency based volatile process starting in mid-summer. This process was not a reflection of Turkey's key dynamics and we got over this process with measures and precautions taken by our country's economy management. 2018 has caused some damages in our economy due to tightening of global liquidity and difficulties in reaching liquidity, particularly in US Dollar market. In addition to increasing LIBOR cost, CDS premium that increased in comparison with 2017 has also been an additional cost item in our financial markets. During the process which started with foreign currency and continued with rapid increase in inflation, we observed serious impairments in pricing behaviors. Central Bank has tightened its monetary policy with hawk interest increases. We can say that capital outflow that slightly started in the third quarter of 2018 due to fluctuations, has gone into a balancing process with tight position in money markets and disciplinary emphasis on monetary policy. I have strong confidence that volatility in our economy that increased throughout

2018 will be controlled by our economy management's firm standing within the frame of the New Economic Program.

Turkish banking industry has gone through the most significant stress test of recent times in August-September 2018. Banking industry successfully passed the stress test of this period. Unsound price formations in financial markets have been controlled. However, impacts of internal and external shocks of August on real sector recently started to emerge. We may see a slight deterioration in banks' asset quality in 2019. Accordingly, the industry might test 5-7% band in non-performing loan rate. There will be an increase of 15-20%, due to annual inflation, in personnel and lease expenses which are the major cost items of the industry. In the first half of 2018, we observed some deterioration in capital adequacy ratio due to interest and currency impact. Although BRSA's supporting revisions on Capital Adequacy Ratio calculations resulted in a slight recovery, asset quality, currency and interests based on economic developments will have impacts on ratios. We may observe some decrease in interest-inflation duo depending on the level of balancing in economic activities. Accordingly, I believe that competitive power of participation banks in terms of returns will increase in 2019. Although it has been a challenging year particularly

in TL fund returns of participation banks due to rapidly increasing interest rates in the market, there has been a growth of 1.5 times of the industry in total fund increase rate. In addition to that, we compensated the high return gaps on TL side with alternative investment products like lease certificates and promise (vaad) contracts.

At Albaraka, we focused on sustainable growth and increasing our asset quality on the credit side in the volatile environment of 2018. We took a series of innovative steps to protect our liquidity and find funds under the pressure of increasing financial costs and slowing of economic activity. We strengthened our Tier 1 call additional principal capital sukuk issuance capital structure, expanded our customer base for joint ATM usage with PTT and paced up our digitalization journey with Europe's first digital Islamic bank "Insha". We continue to support the entrepreneurs of our country with our incubation center. We took significant steps towards being a fully digital Albaraka with biometric signature, robotic process automation and our new mobile application. In 2019, Albaraka will continue to prioritize customer satisfaction with digitalization, innovation and its new generation banking approach.



Melikşah UTKU
CEO

Mr. Utku was born in Ankara in 1968. He graduated from Mechanical Engineering Department of Boğaziçi University (Istanbul, 1990). He completed his graduate studies in London School of Economics (1990-1992) and his Master's Degree on economic development in Marmara University (Istanbul, 1998). Then he worked in software and textiles sectors. In 2004, he served as a consultant to the General Manager of Albaraka Türk. In 2006- 2007, he was the Chief Economist at Albaraka Türk. In addition, he was a columnist for Yeni Şafak newspaper for over 10 years (1995-2009). He later worked as Investor Relations Manager between 2007 and 2009. He continued as CIO-Assistant General Manager in December 2009 and was later appointed as CFO-primarily responsible for Financial Affairs, Budget and Financial Reporting and Corporate Communication Departments. He was a board member of Borsa İstanbul between 2013 to 2016. As the CEO of Albaraka Türk since October 2016 Mr. Utku continues his duty, as well as the Chairman of Bereket Varlık Kiralama A.Ş., Albaraka Portföy Yönetimi A.Ş., Katılım Emeklilik ve Hayat A.Ş. and Albaraka Kültür Sanat ve Yayıncılık A.Ş.

Turgut SİMİTCİOĞLU
Assistant General Manager

Mr. Simitcioğlu was born in Erzurum in 1961. He graduated from Education Faculty in King Suud University (Saudi Arabia, 1989). He started his Professional career as an officer in the central branch of Albaraka Turk in 1990. Later, he advanced to Assistant Chief and Chief (1993-1997), Second Manager and Assistant Manager (1997-2001) positions within the same branch. Between 2001 and 2003, he became Vice Manager. Then, he continued as Manager of central branch in the Corporate Banking Department in 2003 until 2009. In 2009, he was appointed as Assistant General Manager primarily responsible for Credits Operations, International Banking Operations, Payment Systems Operations, Banking Services Operations and Risk Follow-Up Departments. In January 2017 he was appointed Deputy General Manager in charge of Business Lines. He has been serving as the Assistant General Manager in charge of Credit Risks since October 2018.

Nihat BOZ
Chief Legal Officer

Mr. Boz was born in Kars in 1963. He graduated from the Faculty of Law in Istanbul University in 1985. After being a

self-employed lawyer between 1985 and 1987, he was appointed as a lawyer to the Legal Affairs Department at Albaraka Turk in 1987. He later became Assistant Manager and Manager within the same department (1995-1996). Between 2002 and 2009, Mr. Boz was head legal consultant at Albaraka Turk. He served as Assistant General Manager responsible for Legal Advisory and Legal Follow-Up Departments of Albaraka Turk from December 2009 until January 2017. He has been the Assistant General Manager for Legal Advisory since then.

Süleyman ÇELİK
Assistant General Manager

Mr. Çelik was born in Samsun in 1963. He graduated from Faculty of Economics and Administrative Sciences, Public Administration Department of Marmara University. In 1988, he started his working life in the Foreign Operations Department at the Albaraka Türk. Respectively, he worked in the Foreign Operations Department between 1988 and 1996, Fatih Branch between 1996 and 1997, and Ümraniye Branch between 1997 and 2000. But, in 2000, He resigned from Albaraka Türk Participation Bank and began working at Türkiye Finans Participation Bank. Between 2000 and 2011, respectively, he was a manager at Ümraniye Branch, Sultanhamam Branch, Credit Operation Department and Human Resource Department. In 2011, he returned to Albaraka Turk Participation Bank and became a manager in the Üsküdar Branch. In 2012, he was appointed as a manager of Human Values Department and continued this duty until 2017. He has become an Assistant General Manager in the month of January 2017 and he is responsible for Human Values Department, Education, Performance and Career Development Department, Administrative Affairs Department, and Construction and Real Estate Department

Nevzat BAYRAKTAR
Assistant General Manager

He was born in 1969 in Bayburt. He graduated from Eskişehir Anadolu University, Department of Management in 1993. He received English language education at Leeds Metropolitan University in England between the years 1993-1994. He has the certificate of independent accountant and financial advisor and the certificate of independent auditor. After working at Esbank in Foreign Transactions Department approximately for 1 year, he started to work at Albaraka Türk in Project and Marketing Department as Assistant Specialist. Mr. Bayraktar, who continued

to work at Albaraka Türk as the second manager in the Main Branch in 2003, became the Central Branch Manager in 2010 and continued this service until the end of 2016. He was appointed as Vice President in January, 2017. He has still been serving as Assistant General Manager responsible for Corporate Sales Department, Commercial Sales Department, Retail Sales Department, regional directorates and branches.

Fatih BOZ
Assistant General Manager

Mr. Boz was born in Edirne in 1973. He graduated from the Faculty of Political Sciences of Ankara University in 1995. He completed his Master's Degree in political science from the same university. In 1995-1998, he worked as a director for various companies. In 1998, he joined Albaraka Turk family as an inspector assistant in the Inspection Board. In 2003, he served as Deputy Director of Operations Department, Branch Manager between 2006-2009, Manager at Project Management Department between 2010- 2011, and Credits Operations Manager between 2011-. During his tenure, he worked on many bank projects.. In January 2017, Mr. Boz was appointed Assistant General Manager responsible for Central Operations. He is currently Assistant General Manager in charge of Banking Services Operations Department, the Foreign Trade Operations Department, the Credits Operations Department, the Payment Systems Operations Department and the Collateral Management Department.

Hasan ALTUNDAĞ
Assistant General Manager

Having graduated from Ankara University Department of Economics, Hasan Altundağ started his banking career in 1986 at Yapı ve Kredi Bank as an internal auditor at the Board of Auditors. Until 1999, he served as Auditor, Assistant Manager responsible for Operations and Assistant Field Manager respectively. Altundağ, who served as the Branch Manager at a participation bank between 1999-2004, joined Albaraka Türk Participation Bank family in March 2004. He served as the Manager of the Sultanhamam Branch at Albaraka Türk between 2004-2005, as Marketing Regional Manager between 2005-2011, as the Manager of the Transformation Administration Office between 2011-2013 and as the Manager of Strategy and Corporate Performance Department between 2013-2016. Hasan Altundağ, who was appointed as the Vice President responsible for Marketing as of January, 2017, has still been serving

as Vice President responsible for Product Management Department, Alternative Distribution Channels Department, Marketing Department and Corporate Communications Department. He also serves as a member of board in Albaraka Kültür Sanat ve Yayıncılık A.Ş. and Financial Literacy and Inclusion Association (FODER).

Malek Khodr TEMSAH
Assistant General Manager

Mr. Temsah was born in Beirut, Lebanon in 1981. He received his Bachelor of Business Administration from The George Washington University (Washington D.C., 2003). He completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management (Arizona, 2006). In 2003, Mr. Temsah began his career with Bank of America Business Banking in Washington DC followed by his tenure at the London-based European Islamic Investment Bank between 2007 and 2009. In 2010 he joined leading global Islamic bank Albaraka Banking Group, Bahrain as Vice President of Treasury where he established & oversaw the sukuk desk until 2014. Since 2014, Mr. Temsah has been working with Albaraka Türk Katılım Bankası and is also currently a member of the board of directors for one of Morocco's first Islamic banks where he serves on the audit and remuneration committee.

Cenk DEMİRÖZ
Assistant General Manager

Mr. Demiroz was born in Istanbul in 1973. He graduated from Economics in Boğaziçi University in 1996, ranking within 119

Economics graduates, and received his Master's Degree from Cornell University in 2000. He started his career as a Corporate RM at HSBC Bank in 2000 and served as Department Manager between 2002 and 2010 in Corporate and Commercial Credit Department. He joined ING Bank as co-head of Commercial and SME Credit & Risk in 2010. In November 2010, he returned to HSBC Bank as Director responsible for Corporate, Commercial and Financial Institutions Credit Approvals and Counterparty and Market Risk Management. Appointed as the Assistant General Manager in charge of Corporate, Commercial and Retail Credits at the Bank in February 2017, Demiröz also serves as the Acting General Manager since October 2018.

Mustafa ÇETİN
Assistant General Manager

Mustafa Çetin was born in Afyonkarahisar in 1971. In 1991, he ranked 20th in the national university exam. He went on to graduate from Boğaziçi University, Department of Business Administration in 1996. In the same year, Mr. Çetin started his professional career at Finansbank in the Corporate Banking Management Trainee Program. Between 1999 and 2004, he served as Manager in the areas of Corporate and Commercial Banking at Turkish Foreign Trade Bank. In 2004, Mr. Çetin joined Albaraka Türk as Branch Manager, holding this position until 2008. He went on to serve as Marketing Manager from 2008 to 2011; Foreign Transactions Operations Manager between 2011 and 2012; Financial Institutions and Investor Relations Department Manager and Corporate

Governance Committee Member from 2012 until 2017; and Foreign Trade Operations Manager from 2017 to 2018. In April 2018, Mr. Çetin was appointed Assistant General Manager – Finance and Strategy. He is responsible for the Business Excellence and Innovation Department, Financial Reporting Department, Financial Affairs Department, Strategic Planning Department, Data Management Service, and the European Digital Banking Service. Fluent in English and German, Mustafa Çetin holds the Capital Market Activities Advanced License and Corporate Governance Rating Specialist License.

Volkan EVCİL
Internal Systems Senior Manager

Volkan Evcil was born in 1966 in Eskişehir. In 1987, he graduated from Anadolu University, Faculty of Economics and Administrative Sciences, Department of Economics. In 1990, he began his career as Assistant Inspector at Tütünbank's Internal Audit Department after winning the exam for this position. In 1992, he joined the Albaraka Türk family as Assistant Inspector, before serving as Inspector, Chief Inspector, Vice Chairman of the Internal Audit Department, and President of Risk Management. He was named President of Risk Management in 2006. Since February 2017, he has been serving as Internal Systems Senior Manager in charge of Internal Audit Department, Internal Control Department, Risk Management Department, and Legislation and Compliance Department.



All around the world banking is going through a rapid transformation from conventional channels to digital channels. Those banks which cannot keep up with this transformation will face problems. In order to keep up with transformation it is necessary to read the dynamics and global trends accurately and revise corporate strategy accordingly. At Albaraka Türk, with the vision of being the best participation bank in the world, we strive to make innovation and digitalization our corporate culture.

One of the significant stops in our digitalization journey has been the launch of first Islamic digital bank of Europe "insha". Insha has been developed in cooperation with one of the most important fintechs of Germany, Solarisbank and it has set an example of how finance and banking industry should approach fintechs. We provide fintechs with customer network and banking reputation that they do not possess and they provide us innovative digital banking services via API. Thanks to this partnership which provide us optimum resource use on a significant scale, we expand our customer network without using our own resources and offer banking services to European Turks which we did not have access before. We expect to generate a synergy between Turkey and Europe in terms of banking services. Following Germany, we will launch insha in other European countries as well, such as France, Austria, Belgium and Netherlands.

From now on, we would like to alleviate our operational activities and direct our energy and attention to increase customer satisfaction and service quality. In the following period, projects on artificial intelligence on the operation side will have significant influence in the sector. Our first robot that we designed to work on operational processes started to be in service this year. Robot software which operates just like a human, but faster and error-free, works three times faster than an average employer and operates 7 days 24 hours with 100% efficiency without any errors in transactions. With the robotic process automation, we aim

to have our employers spend more time on value added areas rather than operational processes. Our biometric signature application provides solution to many areas banks suffer significantly. It reduces the cost of paper, accelerates business processes, prevents document frauds and most importantly provides significant contribution to protecting the environment and trees. At this point, I would like to open a parenthesis on another feature of our biometric signature application. Albaraka Garage Startup Acceleration Center that we established in our institution supports entrepreneurs, particularly in financial technologies. We create new generation technological solutions through these entrepreneurs which we provide support and at the same time support our country's entrepreneurship culture. Garage has been a significant building block in bringing the spirit of entrepreneurship to our corporate culture. As a matter of fact, our biometric signature application was a product of our partnership with a Fintech start-up that we supported at Garage. Recently, we experience how important innovation and entrepreneurship is for companies. We ensure our Bank will continue to walk with firm steps and continuous innovation motto into the future with these kinds of cooperations.

Moreover, we developed our mobile platform significantly in 2018. We added new improvements to our new mobile platform that we established with our own resources, such as face recognition, cash withdrawal with QR code and mobile assistant. In this context, number of customers using our mobile platform increased by more than 100%. Additionally, as a result of our cooperation with PTT, Albaraka Türk customers can inquire their balance and withdraw cash from all PTT ATMs. With this collaboration, our customers are able to obtain ATM services from more than 3,500 points in total. We anticipate expanding our customer base by using alternative distribution channels at the most effective and optimum manner.

With our innovative business solutions, we contribute to cost optimization of SMEs which we deem as our strategic

partners and continue our support and consultancy services along with banking transactions. We serve our SMEs with customized packages and make extra effort for their penetration into digital banking applications in particular. Our new product 'Alneo' which will make a significant breakthrough in SME banking will save our enterprises from POS expenses, increase their adaptation to digital banking and provide an opportunity to make collection without any limitation of time and place. Alneo provides an opportunity to users to make collections through channels such as QR code and SMS and enables customers to conveniently shop using the credit card they want with 'Alneo Wallet'.

With Supplier Financing System, we allow suppliers who have receivables from a main company which they made a sale, to give their receivables as a guarantee to our bank to obtain financing. The main company receives a cash management service which allows it to make payments to numerous suppliers automatically. On that sense, the supplier easily generates collateral and collects its receivables on time by means of its receivable from the main company. The main company had the opportunity to make payments to suppliers rapidly and all together automatically, to control, report and monitor its payments. I would like to emphasize that our product, which is a first among Participation Banks, will contribute to growth of SMEs, expansion of risk to the base and attracting our customers' cash flows to our bank and it will set an example for the whole industry.

Sustainable digital banking will continue to be an essential part of our strategy in the following period. We would like to strengthen our product and service network in digital areas and advance further with maximum automation in our operations. Our focus on venture capital and crowd funding at our entrepreneurship center, Garage, will continue.

In 2019, Albaraka will continue to prioritize customer satisfaction with digitalization, innovation and new generation banking approach.

Albaraka offers convenient mobile technologies!

DIGITAL BANK OF YOUR VALUES

Download brand-new Albaraka Mobile now make your life easier with our technologies that recognize you by your face and perform your transactions upon your one word!



Face Recognition Technology



Withdrawal via QR Code



Albaraka Assistant

KUVEYT TÜRK GENERAL MANAGER'S MESSAGE

STRONG SUPPORT TO EXPORTERS AND SMES FROM KUVEYT TÜRK.

Ufuk UYAN
General Manager-Kuveyt Türk

KUVEYT TÜRK CONTINUED ITS CONTRIBUTION TO REAL ECONOMY IN 2018.



KUVEYT TÜRK KATILIM BANKASI A.Ş.

Establishment Date	1989
Main Shareholders*	Kuwait Finance House 62.24% Kuwait Public Institute for Social Security 9% Islamic Development Bank 9% General Directorate Foundation, Turkey 18.72% Others 1.04%
Chairman	Hamad Abdulmohsen ALMARZOUQ
General Manager	Ufuk UYAN
Headquarters	Büyükdere Cad. No: 129/1 34394 Esentepe-İstanbul
Phone	+90 212 354 11 11
Fax	+90 212 354 11 11 - +90 212 354 12 12
Website	www.kuveytturk.com.tr
SWIFT Code	KTEFTRIS
EFT Code	205
Number of Domestic Branches	414
Number of Branches Abroad	1
Financial Subsidiaries Abroad	1
Number of Employees	5,871

We left a year behind us which had an agenda affected by a trinity of foreign currency, interest and inflation resulting from developments in global markets. As we entered into a normalization process thanks to a series of measures taken by the economy management, public authorities and contributions of the real sector, the banking sector has passed a serious test. While the industry overall exhibited a good performance, participation banks, which aim to support the real economy and contribute to financing of growth, showed once again how important their roles are for the economy and the society.

In the past year, we identified one of our priorities as increasing the support we provide for SMEs. As of 2018 year end, we increased the total of funds allocated to SMEs to TL 14 billion which constitute 93% of our corporate customers. This amount corresponds to 29.2% of total funds allocated.

We pay specific attention to SMEs, our fellow travelers, drawing their financial road maps which will increase the value of their investments and we provide innovative products and services in this context. 2018 has been a year that we launched many firsts within the scope of our contributions to SMEs. We continued to stand by our companies with many innovations such as CebimPOS which allows for smart phones to transform into POS devices, Online Finance System which allows using funds through internet and mobile branch without going to the branch and Supplier Finance which allows for meeting the finance needs of suppliers while allocating funds to buyers. In 2019, we

aim to include more buyers into the system and support suppliers. In addition, as a result of our discussions with Fintechs and supplier platforms, we aim to establish a structure which provides easy access to finance which will include more users.

Furthermore, we announced our Support Package in January 2019 in order to contribute to finance of growth and increase foreign currency inflow. We stand by our exporters with our 36 month maturity financing package with flexible payment option.

Another pleasing development for our bank in 2018 has been the support we provided for mega projects which have been carried on in our country and for renewable energy area. We provided a funding of Euro 200 million to 1915 Çanakkale Bridge, along with our parent company KFH, which corresponds to 8.8% of total financing of the project. We also made a participation of Euro 100 million to Niğde- Ankara Highway Project. As of 2018 year end, total contribution to renewable energy area has approached to USD 700 million. We plan to continue our support for projects that add value to our country.

As the pioneer of lease certificate issuance, we realized 27 lease certificate issuances at an amount of TL 5.1 billion which corresponds to 120% increase YoY and achieved the highest sukuk issuance volume of Turkey. On the other hand, as a result of our activities to bring the gold which are "under the mattress" into our economy, we collected gold amounting to 2.2 tons.

We continue to work on exporting technology that we develop to more than 60 banks in nearly 20 countries as the only bank which has 2 R&D centers in Turkey. As a result of the success of Turkish engineers, we will achieve a software export of approximately TL 120 million at the end of three years.

When we evaluate 2018 in terms of our Bank's economic indicators, we sustained our consistent growth by increasing our net profit by 29.1% YoY to reach TL 870 million. As of 2018 year end, funds collected increased by 35.5% YoY to TL 53 billion and TL 986 million and funds allocated was up by 23.7% to reach TL 47 billion and 865 million. Our equity has reached to TL 5 billion and 439 million while our total assets were TL 74 billion and 23 million. Thus we maintained our leader position among participation banks based on asset size. We also evaluate our growth plans and priorities within the scope of our Bank's 2018-2023 strategy. As far as 2019 is concerned, we target an asset size of at least TL 85 billion and a net profit of TL 1 billion. As always, adding value to participation banking industry, our economy and our society remains as one of our priorities.

WHAT'S ON Senin Bankan?

- Cash withdrawal from any ATM of any bank
- High profit share
- Advantageous exchange rates, day and night
- Free EFT

Senin Bankan is a subsidiary of KUVEYTTÜRK

Senin Bankan.com.tr

KUVEYT TÜRK SENIOR MANAGEMENT

Ufuk UYAN

Member of the Board of Directors and Chief Executive Officer

Mr. Uyan graduated from the Economics Department of Boğaziçi University in 1981. He received Postgraduate degree from the Business Management Department of the same university in 1983. He began his professional career as the Research Assistant at the Economics Department of Boğaziçi University in 1979 and worked as the Researcher Economist at the Specific Researches Department at Türkiye Sınai Kalkınma Bank in 1982. Mr. Uyan became the Vice Project Manager at Albaraka Türk in 1985 and continued his career as the Project and Investments Manager at Kuveyt Türk in 1989. Mr. Uyan was promoted as the Executive Vice President in 1993 and then assigned as Head Assistant to the Chief Executive Officer. Mr. Uyan has been the Chief Executive Officer since 1999 and continues his duty as a Member of Board of Directors and CEO at Kuveyt Türk. Mr. Uyan is also Member of the Executive Committee, Loan Committee, Remuneration and Nomination Committee and the Corporate Social Responsibility Committee.

Dr. R. Ahmet ALBAYRAK

Executive Vice President-Treasury and International Banking

Mr. Albayrak graduated from the Industrial Engineering Department of Istanbul Technical University. He received postgraduate degree in Organizational Leadership and Management at the University of North Carolina at Pembroke, USA in 1993 and was awarded a PhD degree on Technology Management at Istanbul Technical University, Department of the Business Administration in the Social Sciences Institute in 2007. Having joined the participation banking sector 30 years ago, Mr. Albayrak has been serving as the Executive Vice President at Kuveyt Türk since 2005. He managed the Banking Service Group till October 2012 and he was assigned as the Executive Vice President of Treasury and International Banking as of the same date.

Abdurrhman DELİPOYRAZ

Executive Vice President-SME Banking

Mr. Delipoyraz graduated from the Industrial Engineering Department of Istanbul Technical University. He began his career in the Kuveyt Türk family at the Project and Investment Department and he worked at the Corporate and Commercial Banking Sales Department and Financial Analysis

and Information Department till 2000. Mr. Delipoyraz worked as the Branch Manager at Beşyüzevler and Bakırköy Branches between 2000 and 2004. He was assigned as the Regional Manager in December 2004 and he worked at Istanbul Europe 1 and Istanbul Anatolia Regional Directorates. He has been serving as the Executive Vice President of SME Banking since January 2015.

Ahmet KARACA

Executive Vice President-Chief Financial Officer

Mr. Karaca graduated from Ankara University, Faculty of Political Sciences, Public Administration Department in 1990. He started his duty as the Sworn Deputy Auditor of Banks at Undersecretariat of Treasury in 1992 and he was assigned as the Sworn Auditor of Banks in 1995. He continued his duty with the same title at the Banking Regulation and Supervision Agency (BRSA) from 2000, and he was assigned as the Vice President of Sworn Auditors Committee of Banks between 2002 and 2003 at the BRSA. After approximately one year of service, he was assigned as the Sworn Head Auditor of Banks in 2004. Between 2004 and 2006, he received a Post graduate degree in Economics from the State University of New York at Albany, USA and has penned a postgraduate thesis on International Banking and Capital Markets. Mr. Karaca joined Kuveyt Türk as the Chief Financial Officer in July 2006 and continues to serve under this title.

A. Süleyman KARAKAYA

Executive Vice President-Corporate and Commercial Banking

Graduated from the Business Administration and Finance Department at the Istanbul University, Faculty of Economics, Mr. Karakaya began his banking career as an Inspector at Garanti Bank, where he went on to work at the Audit Committee, Risk Management department Loans Department, and Regional Directorates between 1981 and 2003. Mr. Karakaya has been working as the Executive Vice President of Corporate and Commercial Banking at Kuveyt Türk since 2003.

Aslan DEMİR

Genel Müdür Yardımcısı-Strateji

Mr. Demir graduated from Marmara University, International Affairs Department. He completed his Master's degree at Sheffield University with thesis on topic of Critical Elements of Strategy Implementation in Banking Sector. He began his banking career

in Kuveyt Türk Treasury Department in 1995, served at the Treasury Department for six years and continued his career at Project Management and Quality Department between 2001 and 2004. He was assigned as the Project Management and Quality Manager in 2005 and he continued his career as the Information Technologies Group Manager upon the new set-up in 2007. He has been serving as the Executive Vice President of Strategy since October 2012 as well as the Executive Vice President of Strategy, Human Resources, Digital Transformation, Corporate Communication and Corporate Performance Management while continuing to perform his duties at Katılım Emeklilik ve Hayat A.Ş. and Architech Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. as a Board Member.

Bilal SAYIN

Executive Vice President – Chief Credit Officer

Mr. Sayın graduated from the Public Administration Department of Middle East Technical University in 1990. He joined the Kuveyt Türk family in 1995 and he has been serving as the Chief Credit Officer at Kuveyt Türk since 2003.

Hüseyin Cevdet YILMAZ

Executive Vice President – Chief Risk Officer

Mr. Yılmaz graduated from the Business Administration Department of Boğaziçi University in 1989. He began his banking career as the Assistant Internal Auditor in Esbank Internal Audit and Inspection Department. After having served as Internal Auditor and Branch Manager in the same institution, he began his duty as the Head of Internal Audit and Inspection Department in Kuveyt Türk in September 2000. He was assigned as the Audit and Risk Group President in 2003. Mr. Yılmaz has been serving as the Chief Risk Officer since 2012.

İrfan YILMAZ

Executive Vice President – Banking Services

Mr. Yılmaz graduated from the Management Engineering Department of Istanbul Technical University in 1989. He began his banking career at the Financial Affairs Department in Kuveyt Türk in 1990, was assigned to Internal Audit and Inspection Department in 1996 and served as the Head of Internal Audit and Inspection Department between 1998 and 2000. Mr. Yılmaz worked as the Individual Banking Manager in 2000 and after five years at the Department, he was assigned as the

Executive Vice President of Individual Banking and Enterprise Banking in 2005. He has been serving as the Executive Vice President of Banking Services since October 2012.

Mehmet ORAL

Executive Vice President – Retail Banking

Mr. Oral graduated from the Business Administration Department of Uludağ University. He began his career in the Kuveyt Türk family at the Head Office Branch in 1992. He worked as the manager in the İMES, Bursa and Merter branches between 2000 and 2005. He was assigned as the Regional Manager at the Istanbul European Side Regional Directorate in 2005 after the transition to Regional Directorate



structure. After serving as the Regional Manager for four years, he continued his career as the HR, Training and Quality Group Manager in 2009. He has been serving as the Executive Vice President of Retail Banking since October 2012.

Nurettin KOLAÇ

Executive Vice President – Law and Risk Follow-up

Mr. Kolaç graduated from Faculty of Law at Marmara University. He served as an attorney and legal counselor in banking, leasing and insurance industries for 16 years. He worked as the Vice Head of Department and Head of Department (Legal) in Banking Regulation and Supervision Agency for six years starting from 2004. He joined Kuveyt Türk in April 2010 as the Executive Vice President of Law and Risk Follow-up. Mr. Kolaç is also a Member of the Board of Directors at KT Portföy Yönetim A.Ş. as well as the chairman and member of several working committees in professional associations for the banking industry. With 30 years of experience in law and banking, Mr. Kolaç has been serving as the Executive Vice President of Corporate, Commercial, SME and Retail Risk Follow-up, Credit Risk Monitoring, Collateral Monitoring, Customer Rights and Legislation, and Law and Risk Follow-up.



SOLUTION TO EASE SMES LIVES: CEBİMPOS

Providing many products and services to SMEs from cash financing to Credit Guarantee Fund, from leasing to Strong SME Card, Kuveyt Türk introduced CebimPOS service which is a first in the banking industry. Facilitating all smart phones and accepting payment through all credit cards and bank cards regardless of the bank, CebimPOS stands out with its practical use and secure infrastructure. Enabling smart phones to transform into POS devices, CebimPOS does not require installation, usage, maintenance or device fees, thus reduces collection costs of SMEs and tradesmen significantly.

NEW RECORD IN SUKUK!

As the first bank to issue a sukuk transaction (lease certificate) in Turkey and Europe, Kuveyt Türk broke a new record in this area. In 2018, the bank issued 27 lease certificates at an amount of TL 5.1 billion which represents a 120% increase compared to prior year and reached the highest amount in sukuk issuance volume.

PROJECT THAT TOUCHED THE LIVES OF THREE MILLION HEARING IMPAIRED

In 2018, a very important feature was added to XTMs, a new generation banking service which provides an opportunity to perform self-service banking transactions through video conferencing. Kuveyt Türk developed "sign language banking" to turn XTM's visual communication feature into a positive value for hearing impaired and started to provide this service to more than 3 million hearing impaired citizens, whether they are Kuveyt Türk customers or not. When individuals with hearing disability get connected to call center via XTM branches with one click, a specialist who knows sign language helps them to perform their transactions easily.

YOUR BANK PLATFORM REACHED 100 THOUSAND CUSTOMERS

Turkey's first digital participation bank platform Your Bank, established by Kuveyt Türk reached 100 thousand customers. Your Bank, which brings together participation banking approach with innovations and possibilities of internet, does not have account maintenance fee and allows for free of charge transfer and EFTs. Your Bank also allows for free of charge cash withdrawal from any ATM for three times a month.

NUMBER OF DIGITAL BANKING CUSTOMERS INCREASED BY 32%

Increasing the pace of its investments in digital area, Kuveyt Türk increased the number of its branches to 414 and identified one of its greatest targets as providing services in an end-to-end digital environment in these branches. Consequently, the Bank provided opportunity to its customers to transfer their transactions to mobile as much as possible, enabling them to realize many transactions without paying a fee from invoice payments to precious metals and from foreign currency transactions to purchase and sale of stocks. As of 2018 year end, Kuveyt Türk customers perform 85% of their banking transactions through digital channels. As a result of all these investments and services, Kuveyt Türk's digital banking customers increased by 32% to reach 1 million.

NUMBER OF API'S INCREASES

Kuveyt Türk launched the most comprehensive API market platform of the Turkish banking industry in December 2017 and made significant investments in this area in 2018. In this platform which was developed by Fintech R&D team within Kuveyt Türk's IT organization, number of APIs opened for use increased from 25 to 75 in one year. Services which are planned to be added to Kuveyt Türk API market platform in the following period, which is open to all, from international companies and SMEs to entrepreneurs and FinTech developers,

are listing of credit cards, bank cards and virtual cards, viewing and payment of credit cards, invoice transactions, loading airtime on mobile phones and virtual POS management transactions. Number of APIs to be opened until the end of 2019 is anticipated to be 100.

KUVEYT TÜRK'S DOORS ARE OPEN TO INNOVATIVE IDEAS

Hackathon competition realized to develop Kuveyt Türk's software projects was organized for the second time in 2018. Approximately 400 applications were received for Hackathon which is open to everyone who wants to offer innovative ideas in financial technologies, particularly in alternative payment solutions and mobile applications with social media experiences.

Trainings for the third period of Lonca Entrepreneurship Center has started which was launched to support and develop new ideas and bring them to our country's economy. Teams which are accepted to Lonca Entrepreneurship Center are provided with privileges such as project based mentoring, multi-location incubation services, grants, R&D support and API.

GOLDEN VEHICLE WENT ON A TURKEY TOUR

Realizing many pioneering activities to bring gold under the mattresses into the economy, Kuveyt Türk toured all around Turkey with the Golden Vehicle Project. Moving on with the objective of increasing the awareness on gold banking and financial literacy, Kuveyt Türk informed citizens of various cities in city squares about gold banking and answered their questions for a period of four months. Kuveyt Türk collected 15 tons of the total 60 tons of under the mattress gold which were brought into the economy so far and with 2.1 tons of gold collected in 2018, the Bank kept its position of being the first among the participation banks and third among all banks.



Kuveyt Türk's tech all over the globe

Kuveyt Türk's banking software is opening up to the world! As Turkey's only bank with two R&D centers, Kuveyt Türk became a tech exporter in a short time. The software developed by Kuveyt Türk will be used by more than 60 banks in 20 countries.



TÜRKİYE FİNANS GENERAL MANAGER'S MESSAGE



TÜRKİYE FİNANS FOCUSES ON PROVIDING FAST, USEFUL SERVICES TO ITS CUSTOMERS AND INVESTS IN DIGITAL CHANNELS IN THIS VEIN.

Wael Abdulaziz A. RAIES
General Manager-Türkiye Finans

TÜRKİYE FİNANS IS FOCUSED ON ITS CUSTOMERS WITH THE VISION OF "PARTICIPATION IN LIFE" AND CONTINUES TO PROVIDE SERVICES THAT EXCEED THEIR NEEDS AND EXPECTATIONS.



TÜRKİYE FİNANS KATILIM BANKASI A.Ş.

Establishment Date	1991 (as Anadolu Finans); 2005 Türkiye Finans
Main Shareholders	The National Commercial Bank (NCB) (67.03%) Gözde Girişim Sermayesi Yatırım Ortaklığı A.Ş. (10.57%) Others (22.40%)
Chairman	Saeed Mohammed A. ALGHAMDI
General Manager	Wael Abdulaziz RAIES
Headquarters	Saray Mah., Sokullu Cad. No: 6 Ümraniye-İstanbul
Phone	+90 216 676 20 00
Fax	+90 216 676 29 05
Website	www.turkiyefinans.com.tr
SWIFT Code	AFKBTRIS
EFT Code	206
Number of Domestic Branches	308
Number of Employees	3,543

"PARTICIPATION IN LIFE"

The philosophy of Participation in Life, which we adopted in 2018, marks an emphasis that Türkiye Finans will exhibit a strong presence by participating in every area of our lives, not only in banking.

"Participation in Life" means the following;

- Providing more innovative products and services that meet customer needs,
- Increasing digitalization and customer access in order to facilitate the lives of individuals, companies and employees,
- Contributing to the growth of the economy and taking social responsibility for the society in which we operate

Let us examine the reflections of our "Participation in Life" philosophy:

IN 2018, WE OFFERED INNOVATIVE PRODUCTS AND SERVICES TO THE SECTOR

Retail Banking Products:

Trouble-Solver Finance: A personal finance product based on Tawarruq, which aims to meet the basic needs of customers from education to health in daily life in accordance with the participation banking principles.

Abundant Scoop: A hybrid funding product that offers higher dividends by using two investment instruments - sukuk and the participation account.

TFX Mobile: A unique, online mobile FX platform, available 24 hours a day, 5 days a week, originally designed for individuals. It enables customers to trade foreign exchange and precious metals 5 days a week including after working hours, without being affected by the wide margins of banks.

Commercial Banking Products:

Flexible Support Financing: With Flexible Support Financing, Türkiye Finans meets the short-term working capital needs of enterprises and contributes significantly to their cash management.

Leasing from the Specialist: Leasing from the Specialist meets different leasing needs of enterprises in the same package and provides a 1% VAT advantage.

PARTICIPATION IN LIFE WITH ADVANCED DIGITAL CHANNELS

In line with our philosophy of Participation in Life, Türkiye Finans focuses on providing fast, useful services to its customers and invests in digital channels in this direction. To this end, the Bank restructured its website, internet (retail and commercial) and mobile banking tools, its call centre, user interfaces and the infrastructure of its ATMs.

Türkiye Finans is striving to integrate new ideas based on innovations such as the interaction between people and computers, artificial intelligence, communication with chatbots and IoT, which were brought into the banking sector by Industry 4.0. As the Bank develops new mobile and web features in order to increase the use of digital channels, the number of customers using these channels continues to increase day by day.

WE HAVE OPENED 20 NEW BRANCHES IN 2018, REACHING 306 BRANCHES IN 66 CITIES

Türkiye Finans continues to expand its branch network in Turkey and establish direct contact with its customers. In order to offer faster, streamlined and higher quality banking services, a new business model was implemented at Türkiye Finans branches in 2017, and retail and commercial branches were separated. Türkiye Finans had reached a network of 306 branches in 66 cities throughout Turkey by the end of December 2018, adding 20 new branches to its branch network.

WE HAVE SET OUR HEART ON CHILDREN

In accordance with our vision of Participation in Life, in order to create libraries in village schools in various provinces of Turkey, we have launched our corporate social responsibility project titled Give Your Heart to Kids. In the first phase of the campaign, the Bank delivered more than 8,000 books to around 1,000 children at 6 village schools in 6 provinces. Libraries were created with books donated by our customers and our employees.

WE CONTINUED TO GROW SUSTAINABLY AND PROFITABLY

In 2018, our financing portfolio and the funds we collected (including sukuk), grew by 1% and 9.2% compared to the previous year - in parallel to the sector average - when adjusted for the exchange rate, to reach TL 29.8 billion and TL 29.3 billion, respectively.

Our net profit increased by 18.5% compared to the previous year to reach TL 445 million, with a rate of growth 10% above the sector rate.

Türkiye Finans distributed TL 2.6 billion in 2018 and total credit guarantee funds had reached TL 8.2 billion for the period since 2010. Thus, Türkiye Finans raised its position from 13th place in the overall banking sector ranking to the 12th place, and it became the leader among participation banks.

WE HAVE THE BEST-DESIGNED OFFICE IN TURKEY AS TURKEY'S BEST PARTICIPATION BANK.

- In 2018, we received the Turkey's Best Participation Bank award given by Islamic Finance News (IFN).
- The International Real Estate Awards 2018: Our new Head Office building in Ümraniye-İstanbul opened in 2018, and won the awards for Turkey's Best Office Interior Design and Europe's Best Office Interior Design.
- We received the Investment Finance Award within the scope of the Crystal Helmet Awards, which is Turkey's most prestigious award in the field of Occupational Health and Safety organized by the Istanbul Metropolitan Municipality.
- With the Device Recognition Technology Project, we ranked 2nd in the Customer Excellence category in the organization of IoT, Big Data and Analytical Technologies 2018 organized by IDC Turkey.

Türkiye Finans focuses on its customers with the vision of "Participation in Life" and continues to provide services that exceed their needs and expectations. As participation banking grows and gains even more value with each passing day, new players join the sector. Türkiye Finans's goal is to increase its market share by investing unwaveringly in interest-free banking principles. Thanks to its solid banking experience and foundations, and its strategy of Participation in Life, Türkiye Finans will continue to lead in 2019 by undertaking pioneering steps in the sector.

Wael Abdulaziz A. RAIES
Board Member and CEO

Born in 1972 in Makkah, Saudi Arabia, Wael Abdulaziz A. Raies graduated with a degree in Electrical Engineering in 1996 from the King Fahd University of Petroleum & Minerals, and went on to complete a Master's degree in Business Administration at King Saud University in 2004. He joined Schulmberger Wire line & Testing (Oil Services) in 1996 as a Field Engineer operating in different geographical locations, both off-shore and on-shore, being promoted to the position of Engineer-In-Charge of Qatar land locations. He started his banking career in 1999 in the Commercial Banking business in the Saudi American Bank, a subsidiary of Citibank. He joined The National Commercial Bank Corporate business in 2002 as a Senior Relationship Manager and progressed to the Commercial Business in NCB, leading the Central Region in 2008, before going on to lead the Eastern Region in 2010. He then moved to the Head Office to lead the Commercial Business, Kingdom-wide, in 2013. Prior to his appointment as a Country Head, Wael headed the Restructuring of the Finance unit in June 2013 for a brief period. Over the years, Wael has attended specialized Engineering, Banking and Leadership courses with reputable institutions such as ISEAD, Darden and the Harvard Business School. He has been serving as the CEO at Türkiye Finans Katılım Bankası as of 1 November 2016.

Ahmet MERT
Executive Vice President /Credit Quality and Collections

Born in Kırşehir in 1978, Ahmet Mert graduated from the Faculty of Engineering, Department of Electrical and Electronics Engineering at İstanbul University. Starting his career in the telecommunications industry, Mr. Mert embarked on his career in the banking sector and started working in Garanti Payment Systems in 2001. He was responsible for the Credit Assignment, Monitoring and Tracking Strategies and Policies at Risk Management and R&D/ Business Development Units. He joined the Turkey office of Experian, a global consultancy firm in 2006, where he worked as manager of the Consultancy and Support Unit for the Turkey and the Middle East region. In 2010, he joined Türkiye Finans group as a Risk Analysis Manager. Ahmet Mert was appointed as a principal to the role of Executive Vice President of Credit Quality and Collections on 30 September 2016, a position he had held by proxy since July 2016.

Fahri ÖBEK
Executive Vice President/IT Systems and Operations

Born in 1969, Fahri Öbek graduated from the Department of Computer Science and Engineering at Ege University, and went on to complete a Master's degree in Business Management from Koç University. He started his business career in Bilpa and went on to work at Egebank. He held various positions in Koçbank between 1991 and 2006. After the merger between Koçbank and Yapı Kredi in 2006, he was appointed as a Senior System Analyst in the Software Development. He served as Deputy General Manager in Charge of IT Management at the Yapı Kredi Bank between 2008 and 2010, and then worked as the Department Head in Charge of Information Technologies, Vodafone Turkey (CIO) in 2010 and 2011. He has been working as the Executive Vice President responsible for IT Systems at Türkiye Finans Katılım Bankası since June 2011.

Hakan UZUN
Executive Vice President/Treasury

Born in 1968, Hakan Uzun graduated from the Middle East Technical University (METU), department of Mechanical Engineering in 1991. He went on to graduate with a Master's Degree at the University of Illinois in the United States between 1992 and 1995. He started his career in banking in 1996 at Körfezbank. He worked for various private banks as a senior executive in the area of Treasury and Financial Markets. Between 2008 and 2011, he worked at ING Bank Turkey as the Group Manager Responsible for Treasury operation, and joined the Türkiye Finans family in October 2011 as the Manager of Treasury operations. He has been serving as the Vice General Manager responsible for Treasury operations since 10 November 2015.

Mete Mehmet KANAT
Executive Vice President/Finance and Strategy

Mete Kanat was born in Ankara in 1977. He studied Business Administration at Hacettepe University and holds an MBA degree from İstanbul Bilgi University. Kanat worked as a Bank Examiner at the Banking Regulation and Supervision Agency between 2001 and 2007, and as the Deputy General Manager at Creditwest Bank (Ukraine) from 2007 to 2011. Mete Kanat joined Türkiye Finans as the Director of Legal Reporting and Financial Control in 2011. He became the Head of the Risk Management Group in 2014. On 31 March 2016, he was

appointed as the Vice President of Risk Management Group, while continuing with his former duty. On 30 September 2016, Mete Kanat was appointed as the Executive Vice President of Finance and Strategy.

Mehmet Necati ÖZDENİZ
Executive Vice President/Retail Banking

Mehmet Necati Özdeniz graduated from the Sociology Department in Middle East Technical University. He started his professional career as an Assistant Specialist in Network and System Management at Fortis Bank in 1999 before going on to work as a Research Specialist in Veri Araştırma A.Ş. and Oyak Bilgi Teknolojileri between 2000 and 2003 and as a Data Research Manager in Oyak Bank between 2003 and 2005. He started to work as the Manager of CRM and Segmentation in TEB in 2005 before transferring to Tekstil Bank as the CRM Manager in 2007. He worked as the CRM and Segmentation Manager in Aktif Bank between 2008 and 2012 and as the CRM Senior Manager at TEB between 2012 and 2013. Mr. Özdeniz joined the Türkiye Finans family in 2013 and took on the role of Customer Analytics and CRM Manager until 2015. In August 2015 he started to work as the E CRM and Marketing Director at CarrefourSA. Mehmet Necati Özdeniz was appointed as Executive Vice President responsible for Retail Banking in Türkiye Finans on April 3rd, 2017 and has held that role since then.

Murat AKŞAM
Executive Vice President/Commercial Banking

Murat Akşam graduated from the Department of Management Engineering at İstanbul Technical University in 1990. He was appointed as the Sales Representative and Regional Representative at Beko between 1991 and 1993 and Regional Representative at Ram Dış Ticaret A.Ş. between 1993 and 1997. He started to work as a Credit Representative and Credit Allocation Manager at TEB in 1997 where he assumed the roles of Corporate Loans Manger between 2000 and 2005, Corporate and Commercial Loan Allocation Director between 2005 and 2014 and the Corporate Banking Group Director between 2014 and 2017. Murat Akşam continues his role as Executive Vice President responsible from Commercial Banking as of 2 May 2017.

Özer BARAN
Executive Vice President/Credits

Born in 1977 in İzmir, Özer Baran was graduated from Bilkent University, Engineering Faculty, Department of Industrial Engineering in 1999. He graduated with a Master's degree in Financial Economics from the Department of Economics at İzmir University and continues his PhD studies in the Banking and Finance department at Kadir Has University. Mr. Baran started his professional career as an auditor in Internal Audit Department of Türkiye İş Bankası A.Ş. in 1999. He worked as the Assistant Manager in Corporate and Commercial Loans department of HSBC Bank A.Ş. between 2007 and 2009 and as the Manager in Risk Management department at Eurobank Tekfen A.Ş. between 2009 and 2010. He took on roles as Manager in Risk Policies and Reporting Department and Project Loans and Commercial Allocation Departments in Türkiye Finans family where he joined in 2010. Özer Baran was appointed as an Executive Vice President responsible for Risk Management on September 30th, 2016 and has served as the Executive Vice President responsible for Loans since 2 August 2017.

Züleyha BÜYÜKYILDIRIM
Executive Vice President/Human Resources

Born in İstanbul in 1981, Züleyha Büyükyıldırım graduated from İstanbul Bilgi University as a double major with degrees in Economics and International Relations in 2004. She started her career at Kuveyt Türk Katılım Bankası A.Ş. After joining the Türkiye Finans family in 2006, Büyükyıldırım worked at the Treasury Department and then served as Deputy Manager and Manager at the Strategy and Program Management Department. On 30 September 2016, Züleyha Büyükyıldırım was appointed as principal to the role of the Executive Vice President of Human Resources, a position she had held by proxy since June 2016.



TÜRKİYE FİNANS'S PRODUCTS, TECHNOLOGY AND INNOVATIONS

THE FIRST AND ONLY IN THE BANKING SECTOR: "TFXTARGET"

Türkiye Finans, the Participation in Life Bank, transferred its market tracking and foreign exchange precious metals trading platform, which is specific to its customers, to a mobile environment with the TFXTARGET mobile app, which was implemented at the end of 2017, and represents a first in the banking sector.

With the TFXTARGET mobile app, the Bank increased the number of customers using the product by 266% and the total number of transactions carried out by 262% as of the end of 2018.

The application allows customers to follow up instant foreign exchange rate movements quickly and easily. At the same time, it reduces the amount of time customers have to spend on the app with the command structure that it developed.

THE MOST FLEXIBLE FINANCE IN PARTICIPATION BANKING

Flexible Support Financing, which contributes to the cash management of enterprises, was put into practice by Türkiye Finans in 2018 within the scope of innovative products. With the Flexible Support Finance, companies may easily meet their short-term working capital needs. The flexible payment opportunity available under Flexible Support Finance allows companies to carry out a quarterly profit payment and the principal of the financing amount to be closed within a year at the desired time. In addition, Türkiye Finans offers those companies able to manage cash more efficiently the opportunity to re-utilize the financing again thanks to this product.

PROBLEM-SOLVING FINANCE THAT MAKES A DIFFERENCE

In 2018, Türkiye Finans offered its customers an array of pioneering innovative products with the strategy of Participation in Life. Problem-solving Finance, which stands out among these products, is a first in the sector as a Tawarruq based interest free banking solution that meets the needs of customers in daily life. With Problem-solving Finance, a personal financing product, the Bank easily and quickly meets the essential needs that arise in daily life in areas ranging from education to health within the framework of Islamic banking rules.

LEASING FROM THE SPECIALIST

With the strength derived from the strategy of Participation in Life, Türkiye Finans has made access to the financing its customers need both more practical and advantageous. For this purpose, Türkiye Finans offers customers the Leasing from the Specialist campaign with advantageous conditions in financial leasing transactions to companies from different sectors. In addition, it provides enterprises with funding in a single package in all investment areas, not only in certain areas subject to financial leasing such as machinery, equipment or real estate.

The advantageous leasing package offers a 1% VAT advantage to customers who seek flexibility in the conditions of repayment terms under participation banking principles. It supports all enterprises seeking to finance their investments, increasing their competitive clout or starting a new business with the specialised staff within the bank (rather than through a different Leasing company), in a fast and effective manner.

"BIG LADLE" ACCOUNT

One of the innovative products developed by Türkiye Finans in 2017 and which achieved great success in 2018 was the Big Ladle account. As a first in the sector, the Big Ladle account makes use of 50% of its customers' savings in lease certificates and the remaining 50% in participation accounts. The Big Ladle account, which can be considered as a game changer product in participation banking, was developed thanks to Türkiye Finans's innovative approach. For those seeking to build their savings with a combination of participation accounts and lease certificates, it is preferred as a product offering a hybrid feature.



Türkiye Finans

Participating in life

*The ones having a big dream,
running after new ideas,
never ceasing, always working,
having his work, homeland and
labour in mind,
placed in the real economy
of this country,*

**all the needs of the ones who
have many things to do,
are above everything for us!**



#hayatakatılım

0850 222 22 44
turkiyefinans.com.tr
f | i | t | turkiyefinans

VAKIF KATILIM GENERAL MANAGER'S MESSAGE



IN LINE WITH THE SUCCESSFUL PERFORMANCE WE HAVE DEMONSTRATED, WE CONTINUE TO EXPAND OUR BRANCH NETWORK RAPIDLY AND TO TRUST AND INVEST IN OUR COUNTRY DESPITE ALL OF THE DIFFICULTIES EXPERIENCED IN THE ECONOMY.

İkrâm GÖKTAŞ
General Manager-Vakıf Katılım

AS TURKEY'S NATIONAL GOLD BANK, WE EXPORTED ABOUT 13 TONNES OF GOLD IN 2018.



VAKIF KATILIM BANKASI A.Ş	
Establishment Date	2016
Main Shareholders	Turkish Prime Ministry's General Directorate of Foundations (99%) Bayezid Han-ı Sani (Bayezid the 2 nd) Foundation (0.25%) Mahmud Han-ı Evvel Bin Mustafa Han (Mahmut the 1 st) Foundation (0.25%) Mahmud Han-ı Sani Bin Abdülhamid Han-ı Evvel (Mahmut the 2 nd) Foundation (0.25%) Murad Paşa bin Abdusselam (Murat Pasha) Foundation (0.25%)
Chairman	Öztürk ORAN
General Manager	İkrâm GÖKTAŞ
Headquarters	Saray Mah., Dr. Adnan Büyükdeniz Cad., No: 10 Ümraniye-İstanbul
Phone	+90 216 800 00 00
Fax	+90 216 800 55 56
Website	www.vakifkatilim.com.tr
SWIFT Code	VAKFTRIS
EFT Code	210
Number of Domestic Branches	91
Number of Employees	1,100

In addition to the global economic and geopolitical turmoil, the year 2018 will surely be remembered as a very challenging year in our country. We were faced with pressure that lacked any moral or economic basis, sought to be applied through speculative movements especially in the foreign exchange and interest fields. Abnormal fluctuations in exchange rates and a deterioration in market pricing behavior led to an increase in inflation and market interest rates, a slowdown in the country's growth and a decrease in companies' capacity to access to internal and external financing. However, thanks to its steadily growing economy and strong banking system, our country has successfully weathered this process, and continues to do so. All of the institutions of our state are engaged in decisively working to eliminate this economic attack.

Vakıf Participation is one the leading institutions to have rolled up its sleeves and hit the ground running to help our country survive this process by supporting projects that will contribute to our country's economy. Although we are the youngest member of the Participation Banking sector, we have a long history. In the recent period, we have blended the dynamism brought by our youth and the ancient foundation culture, of which we are followers, and we have undergone a rapid growth process in line with the public support for Participation Banking. As will be aware, when we started our journey we determined that our basic mission in the sector should not be to grow by taking a share from the current cake, but instead to realize investments that would expand the sector and the economy of our country. As a result of such efforts as part of this mission, we feel justifiable

pleasure and pride in 2018 from having realized all of our goals. I would like to take this opportunity to express my gratitude to all of my colleagues who have contributed to this performance, and to thank them sincerely.

In line with the successful performance we have demonstrated, we continue to expand our branch network rapidly and to trust and invest in our country, despite all the difficulties experienced in the economy. In this vein, in a period when banks, regrettably, had to close branches, we reached a large part of the country, attaining a network of 91 branches

Participation banking is a financial system that adopts a "partnership" approach at its core. However, due to various factors and market conditions, participation banking unfortunately has not given enough weight to this core element until recently. In June, we implemented a new project partnership with Tarım Kredi Birlik A.Ş., which was established by the Agricultural Credit Cooperatives of Turkey in order to protect our farmers' products against adverse market conditions. Based on the profit-loss partnership investment model, with a working capital of TL 50 million, the project will provide a significant contribution of TL 100 million per year towards the development of the economy of Turkey's South East.

We have taken an important step in the "partnership" approach, which lies at the heart of participation banking, through the project we have implemented with the Agricultural Credit Cooperatives of Turkey. With the success we will achieve from here, we aim to support the development and dissemination of participation banking in accordance with the essence of participation banking

by carrying out many more partnership projects.

As the first public market maker bank in the Borsa İstanbul Precious Metals and Diamond Market, we integrated our own banking system into the Takasbank Gold Transfer System on the first day the system was implemented, and started to send and receive gold on a gram basis from person to person among banks, automatically and wholly in electronic media. To be the first bank to switch to the Gold Transfer System from person to person, a practice applied for the first time in the world by our country, brings us tremendous pride.

Under the slogan of "Turkey's National Gold Bank", we started physical gold bullion transactions in the Borsa İstanbul Precious Metals and Diamond Market in 2017. In 2018, we exported approximately 13 tonnes of standard gold bullion.

According to the data provided by the Istanbul Mineral and Metals Exporters' Association (İMMİB), Vakıf Participation exported approximately USD 425 million of standard unprocessed gold in 2018, thus contributing significantly to the country's economy. With this exports, we ranked 3rd among 854 institutions and achieved a significant success.

We carry out all of our activities with the vision of having a stronger economy in our country. We continue to move forward with the effort to apply measures that will expand our sector, not only ourselves. With our experienced management, continuously developing distribution channels, dynamic operation systems and innovative approach, we will continue our work with great devotion for our country to reach its 2023 goals.



VAKIF KATILIM SENIOR MANAGEMENT

İkram GÖKTAŞ

Member of the Board and CEO

İkram Göktaş was born in Mutki, Bitlis in 1969. He graduated from the Department of Business Administration, Faculty of Political Sciences, at Ankara University. Between 1992 and 1997, he served as an Inspector on the Board of Inspectors of the Garanti Bank. Mr. Göktaş worked as the Assistant Manager at the İstanbul Corporate Branch of Garanti Bank between 1997 and 1999 and served as the Çorum Branch Manager between 1999 and 2000. He worked as the Banking Services Manager at Anadolu Finans between 2001 and 2005. Then he joined Türkiye Finans Katılım Bankası where he as the Banking Services Manager at the between 2006-2009, as the Executive Vice President responsible for IT between 2009-2012, and as the Executive Vice President responsible for Distribution and Service between 2012- 2015. He has been serving as a member of the Board of Directors and as the CEO at Vakıf Katılım Bankası A.Ş. since October 2015.

Ali GÜNEY

Executive Vice President, Treasury and Strategy

Born in 1964 in Rize, Ali Güney graduated from the Faculty of Economics and Administrative Sciences at Marmara University. Between 1990 and 1993, he was employed in the Fund Management Department at the Faisal Finance Corporation and went on to serve as the Assistant Manager at the Fund Management and Treasury Department of the İhlas Finans Institution between 1995 and 1999 and then as the Fund Management and Treasury Manager at Anadolu Finans between 1999 and 2005. He served as the Treasury Manager at the Türkiye Finans Katılım Bankası between 2006-2009 and as the Executive Vice President responsible for the Treasury and Financial Institutions between 2009 and 2015. Since 1 November 2015, he has been serving as the Executive Vice President responsible for the Treasury and Strategy at Vakıf Katılım Bankası A.Ş.

Ahmet OCAK

Executive Vice President, Finance

Ahmet Ocak was born in the Kuşdoğan Village of the Ünye district, Ordu in 1965. He graduated from the Department of Business Administration at the Faculty of Open Education at the Anadolu University in 1991. Between 1983 and 1990, He worked in the private sector as the Accounting Officer and Manager. Between 1990 and 1996, he worked at the Kayseri Branch, the Ankara Branch, and the Konya Branch of Albaraka Türk Katılım Bankası A.Ş., he worked as the Assistant Department Manager and Department Manager at the Financial Affairs Directorate between 1996 and 2001, as the Chairman of the Internal Control Center Directorate between 2001 and 2002, as the Financial Affairs Manager between 2003 and 2009, as the Financial Affairs Senior Manager between 2009 and 2012. He completed his post-graduate degree in Business Administration (non-thesis in Turkish) at the Fatih University Social Sciences Institute in 2012. At Albaraka Türk Katılım Bankası A.Ş. he served as the Budget and Financial Reporting Senior Manager between 2012 and 2014 and as the Senior Department Manager in the Investment Projects Directorate between 2012 and 2015. He served as the General Manager at Albaraka Gayrimenkul Portföy Yönetimi A. Ş. in 2015. Since 1 December 2015, he has been carrying out the duty of Executive Vice President responsible for Finance at Vakıf Katılım Bankası A.Ş.

İrfan ŞAVİK

Executive Vice President, Support Services

İrfan Şavik was born in 1965 in Antalya. After graduating from the Department of Public Administration, Faculty of Economic and Administrative Sciences at Hacettepe University, İrfan Şavik worked as an Assistant Financial Analyst and Assistant Manager at Türkiye Vakıflar Bankası T.A.O. between 1990 and 1998 and then as the Branch Manager and the Regional Manager in various provinces at the same Institution between 1998 and 2015. Since 1 December 2015, Mr. Şavik has been serving as the Executive Vice President responsible for Loans and Human Resources at Vakıf Katılım Bankası A.Ş. and as the Executive Vice President responsible for Support Services since 15 January 2018.

Erhan ÇETİNKAYA

Executive Vice President, Operation

Erhan Çetinkaya was born in 1981 in Malatya where he completed his primary, secondary and high school education. He graduated from the Department of Industrial Engineering at Bilkent University in 2004. He worked as an analyst and project engineer at the Cybersoft Information Technologies between 2004 and 2005, before taking up a position at the Banking Regulation and Supervision Agency. Until 2012, he worked in the Audit and Risk Management Departments on bank audit and banking legislation. He then went on to complete an MBA degree from the Fuqua School of Business at Duke University in the USA before returning to his duties at the BRSA in 2014. In 2015, he was appointed as the Head of Risk Management Department. He represented Turkey in the working groups within the body of the Basel Committee on Banking Supervision located in Switzerland. He holds the Certified Financial Analyst and Financial Risk Manager (FRM) certificates. Since September 2017, he has been serving as the Executive Vice President responsible for Operations at Vakıf Katılım Bankası A.Ş.

Bülent TABAN

Executive Vice President, Loans

Bülent Taban was born in 1966. He completed his high school education at the Kabataş Erkek Lisesi (Boys High School) in 1983 and graduated from the Faculty of Business Administration at İstanbul University in 1987 and completed a post-graduate degree in Business Administration at the Social Sciences Institute of İstanbul Technical University in 1990. Mr. Taban began his banking career on the Board of Inspectors at the Turkish Commercial Bank, and subsequently served as the Manager of Retail Banking at Kentbank between 1995 2002. In 2002, Mr. Taban started working at the Albaraka Türk Bankası, where he served as Executive Vice President responsible for Retail Banking, Loans and Commercial Marketing, respectively. He joined Vakıf Katılım Bankası A.Ş. at the beginning of 2018 where he has been serving as the Executive Vice President responsible for Loans.

Betül VURAL YILMAZ

Executive Vice President, Human Resources/Training and Corporate Communications

Born in Ankara in 1972, Betül Vural Yılmaz graduated from the Department of Business Administration, Faculty of Political Sciences at Ankara University. She completed her post-graduate degree in the Department of Labor Economics and Industrial Relations at the same university. Between 1997 and 2008, she worked at various positions in the Human Resources Department at BUGSAŞ A.Ş. which operates the Ankara Metro, the Ankaray and AŞTİ (the intercity bus station) in Ankara. She was the manager of this department for seven years. She then served as the Human Resources Department Manager at Çalık Holding between 2009-2015. In August 2015, she was appointed as the Executive Vice President responsible for Human Resources at Bank Asya when it was under the Savings Deposit Insurance Fund (SDIF). Upon the closure of the bank, she transferred to Türkiye Varlık Fonu Yönetimi A.Ş. as the Advisor to the Chairman of the Board. She is married with two children. Since April 2018, she has been serving as the Executive Vice President responsible for Human Resources/ Training and Corporate Communications at Vakıf Katılım Bankası A.Ş.



PRODUCT, TECHNOLOGY AND INNOVATIONS OF VAKIF KATILIM

VKFX ONLINE

In 2018, Vakıf Katılım commissioned the VKFX foreign exchange trading platform, with preferential pricing and trading 24 hours a day, 5 days a week.

Total transaction volumes realized over the platform stood at USD 2.1 billion by the end of 2018.

STP EXCELLENCE AWARD

The STP Excellence Award is given to those banks performing annually 95% or more of their transactions without error in SWIFT messages sent abroad within the framework of the rules determined by the SWIFT headquarters and correspondent banks related to the STP (Straight Through Processing).

Vakıf Katılım achieved a significant level of success in transfer transactions carried out during the year. In this respect, the KBC Bank awarded Vakıf Katılım the STP (Straight Through Processing) Excellence Award.

This award, which was also given by a global bank to Vakıf Katılım last year, could be considered to be a recognition of that its compliance with sectoral professionalism is on a par with world standards.

This standard, which is achieved in international payments, is reflected as a fast and high quality service to Vakıf Participation customers. We are continuing our work in order to improve this standard and increase our service quality in all areas.

INTERNATIONAL TRANSACTIONS

Vakıf Katılım offers special solutions for customer needs with its professional team with a high level of knowledge and extensive correspondent network in the field of foreign transactions. In 2018, the Bank's foreign trade volume increased by 2.5 times compared to the previous year. The volume of trade and money transfer transactions realized with 128 different countries had reached USD 11.3 billion by the end of 2018, exceeding the annual target.

Having increased the volume of letters of credit that it mediated in by 120% YoY, Vakıf Katılım plans to further develop its activities in this field in 2019.

DIGITAL BANKING

In 2018, a total of 54,269 of Vakıf Katılım's active internet banking customers carried out 560,000 financial transactions through this channel. The number of transactions carried out by the Bank's existing 39,262 active mobile banking customers through this channel stood at 785,000.

As of the end of 2018, a total of 50,000 real persons and 14,000 legal persons were using any of the Alternative Distribution Channel (ADC) products

across Vakıf Katılım. In 2018, the number of transactions on the ADC platform undertaken by real persons amounted to 725,000, while the number of transactions carried out by corporate customers amounted to 600,000.

Those transactions which cannot be performed through the mobile branch, especially those available on the internet branch, were put into operation on the mobile branch in 2018. Due to the increase in the number of branches, the ATM network expanded and the total number of ATMs had reached 93 by the end of 2018.

Due to the multiplication of transaction sets and expansion of the service network, there was a large increase in the number of transactions and volumes during the year. In 2018, 67% of the cash withdrawal transactions and 36% of cash deposit transactions at Vakıf Katılım were carried out through ATMs. Again in this period, 39% of the payment transactions, 57% of the foreign currency buying/selling transactions, 70% of the precious metal purchase or sale transactions and 48% of the money transfer transactions were realized through the digital banking channels.

SERVICE AT 15,000 POINTS NATIONWIDE WITH THE PUBLIC JOINT ATM PROJECT

Vakıf Katılım commissioned the Joint ATM project with the participation of all public banks within the scope of meeting the cash needs of customers to the maximum level and expanding the ATM service network.

From April 2018, Vakıf Katılım customers were able to perform withdrawal, deposit, balance inquiry, credit card debt payment, credit card debt inquiry, credit card limit inquiry transactions from 15,000 ATMs throughout the country without paying any commission fees. The project increased the efficiency of ATMs and reduced imports of ATMs, thus contributing to the national economy and increasing the level of access to financial services.

POS

The number of users of the Vakıf Katılım POS machines, which were put into use in the last quarter of 2017, reached 2,000 in 2018. The POS Block project, which was presented to the field in the second half of 2018, was successfully completed and it had a significant share in the increase in the total number of POS users. In the first quarter of 2019, the Virtual POS - tests of which had been completed at the end of 2018 - is expected to be brought into use.

INSTANT PRINTING OF THE TROY BANK CARD AT THE BRANCH

Work was completed to provide debit card issuance with the TROY brand, a domestic payment method. As of

November 2018, TROY branded cards were offered to customers with the cards being instantly printed at Vakıf Katılım branches.

INCREASED EFFECTIVENESS WITH THE VIRTUAL POS APPLICATION

A strong infrastructure with state-of-the-art technological infrastructure has been developed in order to meet the requirements of the Virtual POS business and perform its rapid management. In this context, the systems of many companies were integrated with the main banking system in order to allow the management of member company applications and the virtual POS. The system was made available to customers in December 2018.

FIDUCIARY GOLD TRANSFER SYSTEM (THE GOLD EFT)

In 2018, Vakıf Katılım became the first bank to realize the Gold EFT service. The project enabled the mobilization of gold electronically. Customers are now able to carry out their inter-bank transfers without having to convert their gold balances into physical gold or cash.

VKART

The number of Vakıf Katılım debit cards had reached 58,000 at the end of 2018, more than double the 26,000 at the year-end of 2017. The TROY debit card, which is a product of a domestic brand, started to be offered to the Bank's customers.

In 2018, the Bank progressed significantly in the goal of ensuring that every customer opening an account was the holder of a debit card.

The VKart credit card, which started to be introduced to customers in 2018, reached a circulation of 6,000 cards in a short space of time, getting off to a rapid start. In the coming period, the card is planned to be enriched with the addition of new features and content.

GOLD BANKING

Under the slogan of "Turkey's National Gold Bank", Vakıf Participation started physical gold bullion transactions in the Borsa İstanbul Precious Metals and Diamond Market in 2017. In 2018, Vakıf Participation exported approximately 13 tonnes of standard gold bullion.

According to data provided by the Istanbul Mineral and Metals Exporters' Association (İMMİB), Vakıf Participation exported approximately USD 425 million worth of standard unprocessed gold in 2018, significantly contributing to the country's economy. With this exports, we ranked 3rd among 854 institutions, achieving significant success. Thanks to its high transaction volume, Vakıf Participation became the first public bank to receive the title of "Market Maker" in the Borsa İstanbul Precious Metals and Diamond Market in 2017.

Open a participation account at Vakıf Katılım and participate in unimaginable dreams. You will have your contribution in support, your share in profits, your name in the country's economy.



0850 202 1 202 | 444 44 77 | vakifkatilim.com.tr

ZİRAAT PARTICIPATION GENERAL MANAGER'S MESSAGE

ZİRAAT PARTICIPATION CONTINUED TO SUPPORT THE FINANCING OF THE REAL SECTOR IN 2018, ESPECIALLY SMES, WHICH ARE THE LIFEBLOOD OF THE ECONOMY.



Metin ÖZDEMİR
General Manager-Ziraat Katılım

ZİRAAT PARTICIPATION EXPANDED ITS TOTAL ASSETS BY 55% YOY IN 2018 AND REACHED A BALANCE SHEET SIZE OF TL 22.2 BILLION.



Ziraat Katılım Bankası A.Ş.	
Establishment Date	2015
Main Shareholders	T.C. Ziraat Bankası A.Ş. (99%)
Chairman	Hüseyin AYDIN
General Manager	Metin ÖZDEMİR
Headquarters	Hobyar Eminönü Mah. Hayri Efendi Cad. No: 12 PK: 34112 Fatih/İstanbul
Phone	+90 212 404 10 00
Fax	+90 212 404 10 99
Web Site	www.ziraatkatilim.com.tr
SWIFT Code	ZKBATRIS
EFT Code	0209
Number of Domestic Branches	80
Number of Employees	1,042

ZİRAAT PARTICIPATION ROUNDED OFF 2018 WITH A HEALTHY FINANCIAL PERFORMANCE.

In line with its vision of being the sector's leading participation bank, Ziraat Participation maintained its rapid growth and completed 2018 with a healthy performance in line with its goal of profitability and productivity.

In 2018, a year in which the effects of the volatility in domestic markets were felt, as well as the negative effects of global economic factors and geopolitical developments, Ziraat Participation achieved its goals with its well-structured strategy, flexible business model and strong financial structure.

Ziraat Participation expanded its total assets by 55% YoY in 2018 and reached a balance sheet size of TL 22.2 billion. As a result of the successful implementation of the business cycle structured with a service approach which prioritizes customer satisfaction and productivity, Ziraat Participation closed 2018 with a profit of TL 322.6 million.

Another development supporting the healthy growth in our balance sheet in 2018 was the TL 500 million contribution from the Ministry of Treasury and Finance to the capital.

WE MAINTAIN OUR STRONG SUPPORT FOR THE REAL SECTOR.

Ziraat Participation continues to work in line with its vision of becoming an effective participation bank in international markets as well as in its region by responding to the needs and expectations of its customers by providing them with the most appropriate solutions and value propositions through the most accurate channels.

Ziraat Participation continued to support the financing of the real sector in 2018, especially SMEs, which are the lifeblood of the economy.

Ziraat Participation's cash financing increased to TL 17.8 billion in 2018, marking a 52% increase when compared to the end of 2017, while non-cash financing grew by 68% to TL 10.3 billion.

While the total support extended by Ziraat Participation to the Turkish economy reached TL 28.1 billion, the share of cash financing in the balance sheet was stable at 80%.

As of the end of 2018, total current and participation accounts increased by 51% when compared to the previous year to reach TL 15.1 billion.

AN APPROACH FOCUSED ON MAINTAINING ASSET QUALITY

Ziraat Participation adopted a growth strategy that aims to preserve and improve asset quality. Accordingly, the Bank's allocation and fund disbursement processes, as well as its early warning and risk monitoring infrastructure, are being developed continuously.

In line with the financing oriented growth and customer based balance sheet strategy, the funds provided in 2018 continued to grow rapidly. In this period of uncompromising execution of risk management policies, the NPL ratio was well below the sector average and was realized at 1.5%. Ziraat Participation's capital adequacy ratio stood at 12.8% in 2018.

STRONG SUPPORT FOR SMES WITH THE BREATHING SPACE LOAN

Ziraat Participation took an active part in the Breathing Space Loan program, which was implemented to ensure SMEs have access to financing with the most appropriate conditions.

The Breathing Space Loan, which was put into practice with the signing ceremony on 31 March 2018, was offered under the leadership of TOBB, with the contributions of the chambers and exchanges, with the guarantee of the Treasury-backed Guarantee Fund and the cooperation of six banks, including Ziraat Participation.

The scope of Breathing Space 2018 Project was aimed at providing TL 7.5 billion of financing to SMEs, and it was foreseen that 50,000 enterprises would benefit from this opportunity. The payment schedule of the Breathing Space Loan, which is prepared in a low cost and supportive manner for the real sector, was determined as an 18 month maturity with a grace period for the first 6 months (monthly profit rate paid).

Within the scope of the Breathing Space Credit program, which was completed on 4 July 2018, Ziraat Participation provided financial support to SME customers through a network of services spread throughout Turkey.

A BREAKTHROUGH IN THE SECTOR: THE JOINT INVESTMENTS MODEL

In line with its establishment mission, Ziraat Participation also focuses on expanding the share of the participation banking sector in the overall banking market and reaching a wider audience of participation banking products and services. The development of alternative solutions and models in line with the principles of participation banking is an important objective in this respect.

In 2018, Ziraat Participation introduced the first joint investment model. In this context, FZK Mühendislik ve Sınai Yatırımlar A.Ş. was established in 50%-50% partnership with Fikssan Fikstür Sanayi ve Ticaret A.Ş., which serves both the public and private sectors in engineering and industrial fields such as the defense industry, rail systems and the automotive industry.

Our new subsidiary FZK's main activity will be the production of domestic technological and industrial products needed by the defense industry, the automotive and railway sectors, and the mould and fixture sectors within our country's borders.

This structure, where a participation bank and a manufacturing company come together on the basis of capital partnership in Turkey, is also a first in terms of our banking sector.

A STEP TOWARDS PROTECTING OUR NATIONAL RESOURCES

In 2018, Ziraat Participation collaborated with SSTEK Savunma Teknolojileri A.Ş. to support small and medium-sized domestic companies operating in Turkey and which are capable of developing technology.

Within the framework of the cooperation that envisages the establishment of a profit-loss partnership, joint investments or subsidiary model and affiliated partnerships, the Company aims to support the defense industry's activities abroad where there are limited manufacturing facilities in Turkey, with national funds.

Ziraat Participation considers this step as an important initiative to reduce the Turkish economy's dependence on foreign resources and to provide a net contribution to the country's economy.

COMMON ATM COOPERATION WITH PUBLIC BANKS

In 2018, Ziraat Participation joined the Free Common ATM System to provide a better service experience for its customers.

Within the scope of the project, which brings together Ziraat Bank, Halkbank, Vakıfbank, Ziraat Participation and Vakıf Participation, transactions to withdraw and deposit funds at around 15,000 ATMs across Turkey, as well as balance inquiries, started to be offered to our customers free of charge.

ZİRAAT PARTICIPATION GENERAL MANAGER'S MESSAGE

ISSUANCE OF LEASING CERTIFICATES REACHES TL 3.5 BILLION

Ziraat Participation successfully completed the issuance of 19 lease certificates in 2018.

Ziraat Participation, which has been active in the capital markets as part of its strategy to enrich its resource structure, and its subsidiaries Ziraat Participation Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., obtained the approval of three separate lease certificate issuance licenses from the CMB in order to issue TL denominated lease certificates in the domestic market, amounting to TL 500 million, TL 2 billion and TL 4 billion. In this context, approximately TL 3.5 billion worth of issuances were realized in various amounts of allocations in 2018.

THE FIRST PARTICIPATION BANK TO ISSUE THE GOLD LEASE CERTIFICATE

While Ziraat Participation was one of the first two banks to issue the gold lease certificate, it was the first and only bank among the participation banks to offer services in this field.

The first stage of the issuance of Gold Bond/Gold Lease Certificate, which was realized by the Ministry of Treasury and Finance and aimed at bringing gold under the mattress into the economy, was completed in September 2018. Ziraat Participation and Ziraat Bank, which are assigned as intermediary banks, offered lease certificates and gold bonds to investors throughout Turkey through their branches.

In the upcoming period, Ziraat Participation will continue to mediate in the issuance of Gold Lease Certificates and provide services to investors.

INVESTMENTS IN DIGITAL BANKING CONTINUE AT FULL PACE.

In 2018, Ziraat Participation continued to invest in digital technologies in order to enable simpler and faster banking transactions for customers.

To enable our customers to carry out real-time payments on E-Commerce sites, the Payment From Account (Direct Payment) function is now available over Participation Mobile. A live response application for seamless communication, available on a 24/7 basis has been added to Participation Mobile.

In this process, in which we developed our product and service diversity in our alternative distribution channels, the number of customers actively using internet banking increased by 100% thanks to the corporate vision based on customer satisfaction. New customers gained through the web channel were able to activate their accounts through the same media channel.

Ziraat Participation is committed to developing its Internet Branch, Participation Mobile and corporate website with innovative and user-friendly features in line with customer needs and using digital channels much more actively.

ENRICHING OUR HUMAN RESOURCES WITH NEW ADDITIONS

Ziraat Participation developed its most valuable asset - its human resources - with new additions in 2018.

In our rapidly growing organizational structure, in line with the needs of our branches and head office units, 218 new colleagues joined us, bringing our number of employees up to 1,042 by the end of 2018.

Another development which gave us great satisfaction in 2018 was the growth we achieved in our branch network with 17 new branches added to the Ziraat Participation branch network in 2018, taking the total number of branches to 80. During the year, the Company also moved to the Maltepe Additional Service Building in order to bring together the Head Office Units serving in different locations and to increase working efficiency.



WORK ON TFRS-9 TRANSITION COMPLETED SUCCESSFULLY.

Within the scope of the Turkish Financial Reporting System (TFRS), the BRSA introduced new regulations on the calculation of provisions for banks.

Ziraat Participation has completed its work in this vein and prepared accounting and system infrastructure for provision calculations in accordance with the regulation on new provisions to be applied from 1 January 2018.

WARMEST THANKS TO EVERYONE WHO CONTRIBUTED TO OUR SUCCESS 2018.

We continue to work with dedication to increase our contribution to the real economy in line with our values and ethical principles that are reflected in our well established corporate culture.

While we continue our projects with determination, firmly adhering to our mission to expand participation banking, our ultimate goal is to increase the value of the Turkish economy and to support sustainable development in a multi-faceted manner.

I would like to thank all of our stakeholders, especially our employees, who are walking with us on our way forward with determination to achieve higher targets and who have contributed so much to our successful performance.

ZİRAAT PARTICIPATION SENIOR MANAGEMENT

Metin ÖZDEMİR CEO and Member of the Board of Directors

Metin Özdemir graduated from İstanbul University (Faculty of Business Administration) in 1990. He started his career at Kuveyt-Türk Finans Kurumu A.Ş. in 1992, and from 1996, he carried on with his business life as an executive in the retail sector. Mr. Özdemir functioned as a member of İstanbul Metropolitan Municipal Council between 2004 and 2014. Mr. Özdemir was a member of the Board of Directors of Ziraat Participation since 18 February 2015 and was appointed as the CEO on 12 June 2017. Mr. Özdemir is a member of the Ziraat Bank's Board of Directors and acts as a member of Corporate Governance Committee and Remuneration Committee. Since 25 July 2017, he also acts as the Chairman of the Credit Committee. Mr. Özdemir is also the Chairman of Participation Banks Association of Turkey (TKBB) and Chairman of the Board of Directors of the Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFI).

Tahir DEMİRKIRAN Executive Vice President - Loan Allocation and Management

Born in 1967 in İstanbul, Tahir Demirkıran graduated from İstanbul University Faculty of Economics, Department of Economics. He started his banking career as the Assistant Financial Analysis and Intelligence Specialist at Pamukbank in 1995. He worked as the Specialist and Loans Service Director. And then, having worked as the Department

Director of Financial Analysis and Loans and Commercial Branch Director and Head of Commercial Loans Department at Halkbank; and Member of the Board of Directors at Halk Leasing; Demirkıran became the Retail Loans Allocation and Management Group Manager at Ziraat Bank in 2015. Since 12 February 2016, he serves as the Loans Allocation and Management Deputy General Manager at Ziraat Participation.

Temel Tayyar YEŞİL Executive Vice President-Marketing

Temel Tayyar Yeşil was born in Samsun in 1971 and graduated from Erciyes University Economy department of Faculty of Economics and Administrative Sciences. Mr. Yeşil started his banking career at Pamukbank T.A.Ş. as Assistant Specialist in 1998. He worked as an officer and manager in the Loans and Project Evaluation departments of Türkiye Halkbank A.Ş. He acted as Kayseri Commercial Branch Manager between 2010 and 2012. Mr. Yeşil started to work at Ziraat Bank as Loan Allocation and Management Department Head in 2012 and continued as the Regional Coordinator in 2016. He has been appointed as Ziraat Katılım Bankası A.Ş. Vice President in charge of Marketing on 18 July 2017 and is still carrying out the duty.

Osman KARAKÜTÜK Executive Vice President-Treasury and Internal Operations

Born in Ankara in 1975, Osman Karakütük graduated from Ankara University Faculty of Political Science. He completed his undergraduate studies in Sakarya University and started his

banking career at CBRT Headquarters as a clerk in 1998. In 1999, he started working at Ziraat Bank as an Assistant Inspector and then promoted to Inspector, Chief Inspector, Vice President of the Inspection Board, Branch Manager, İzmir 1st Region Manager, Head of Branch Operations and Head of Channel Management, respectively. Mr. Karakütük was appointed as Ziraat Katılım Bankası A.Ş. Vice President in charge of Financial Coordination and Human Resources on 15 August 2017 and he has been serving as the Vice President in charge of Treasury and Internal Operations since 23 August 2017.

Mehmet Said GÜL Executive Vice President-Information Technologies and Operations

Born in 1973 in Kahramanmaraş, Mehmet Said Gül graduated from Hacettepe University Department of Computer Engineering in 1995. He started his banking career at Anadolu Finans Kurumu in 1997. He headed for many years the Information Systems Coordination Unit at Türkiye Finans, following the merger of Family Finans and Anadolu Finans. Mr. Gül, who was appointed as a consultant at Ziraat Bank in 2014, has been serving since the establishment of Ziraat Participation. In October 2015, he was appointed as the Group Director of Information Technologies and Operational Transactions at Ziraat Participation. Since 23 August 2017 Mr. Gül is the Executive Vice President in charge of Information Technologies and Operations.



BREATHING SPACE LOAN

Ziraat Participation adopted a growth strategy that aims to preserve and improve asset quality. Accordingly, the Bank's allocation and fund disbursement processes, as well as its early warning and risk monitoring infrastructure, are being developed continuously.

In line with the financing oriented growth and customer based balance sheet strategy, the funds provided in 2018 continued to grow rapidly. In this period of uncompromising execution of risk management policies, the NPL ratio was well below the sector average and was realized at 1.5%. Ziraat Participation's capital adequacy ratio stood at 12.8% in 2018.

STRONG SUPPORT FOR SMES WITH THE BREATHING SPACE LOAN

Ziraat Participation took an active part in the Breathing Space Loan program, which was implemented to ensure SMEs have access to financing with the most appropriate conditions.

The Breathing Space Loan, which was put into practice with the signing ceremony on 31 March 2018, was offered under the leadership of TOBB, with the contributions of the chambers and exchanges, with the guarantee of the Treasury-backed Guarantee Fund and the cooperation of six banks, including Ziraat Participation.

The scope of Breathing Space 2018 Project was aimed at providing TL 7.5 billion of financing to SMEs, and it was foreseen that 50,000 enterprises would benefit from this opportunity. The payment schedule of the Breathing Space Loan, which is prepared in a low cost and supportive manner for the real sector, was determined as an 18 month maturity with a grace period for the first 6 months (monthly profit rate paid).

THE JOINT INVESTMENTS MODEL

In line with its establishment mission, Ziraat Participation also focuses on expanding the share of the participation banking sector in the overall banking market and reaching a wider audience of participation banking products and services. The development of alternative solutions and models in line with the principles of participation banking is an important objective in this respect.

In 2018, Ziraat Participation introduced the first joint investment model. In this context, FZK Mühendislik ve Sınai Yatırımlar A.Ş. was established in 50%-50% partnership with Fiksan Fikstür Sanayi ve Ticaret A.Ş., which serves both the public and private sectors in engineering and industrial fields such as the defense industry, rail systems and the automotive industry.

Our new subsidiary FZK's main activity will be the production of domestic technological and industrial products needed by the defense industry, the

automotive and railway sectors, and the mould and fixture sectors within our country's borders.

This structure, where a participation bank and a manufacturing company come together on the basis of capital partnership in Turkey, is also a first in terms of our banking sector.

COMMON ATM COOPERATION WITH PUBLIC BANKS

In 2018, Ziraat Participation joined the Free Common ATM System to provide a better service experience for its customers.

Within the scope of the project, which brings together Ziraat Bank, Halkbank, Vakıfbank, Ziraat Participation and Vakıf Participation, transactions to withdraw and deposit funds at around 15,000 ATMs across Turkey, as well as balance inquiries, started to be offered to our customers free of charge.

ISSUANCE OF LEASING CERTIFICATES REACHES TL 3.5 BILLION

Ziraat Participation successfully completed the issuance of 19 lease certificates in 2018.

Ziraat Participation, which has been active in the capital markets as part of its strategy to enrich its resource structure, and its subsidiaries Ziraat Participation Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., obtained the approval of three separate lease certificate issuance licenses from the CMB in order to issue TL denominated lease certificates in the domestic market, amounting to TL 500 million, TL 2 billion and TL 4 billion. In this context, approximately TL 3.5 billion worth of issuances were realized in various amounts of allocations in 2018.

DIGITAL BANKING

Ziraat Katılım, 2018 yılında, müşterilerinin In 2018, Ziraat Participation continued to invest in digital technologies in order to enable simpler and faster banking transactions for customers.

To enable our customers to carry out real-time payments on E-Commerce sites, the Payment From Account (Direct Payment) function is now available over Participation Mobile. A live response application for seamless communication, available on a 24/7 basis has been added to Participation Mobile.

In this process, in which we developed our product and service diversity in our alternative distribution channels, the number of customers actively using internet banking increased by 100% thanks to the corporate vision based on customer satisfaction. New customers gained through the web channel were able to activate their accounts through the same media channel.

Ziraat Participation is committed to developing its Internet Branch,

Participation Mobile and corporate website with innovative and user-friendly features in line with customer needs and using digital channels much more actively.

ALFA AWARDS - THE BEST PARTICIPATION BANK OF THE YEAR AWARD

Our Bank's efforts to offer excellent experience to its customers in the Participation Banking Sector were appreciated by our consumers and Ziraat Participation was selected as the Customer Brand of the Participation Banking Sector according to the results of the survey conducted face to face with 1,200 people representing Turkey in 12 provinces by Akademetre Research Company on behalf of Marketing Turkey in 2017.

BONDS & LOANS AWARDS

Participating in the project finance syndication of the Manisa Health Campus, Ziraat Participation received second prize in the "Structured Bond Deal of the Year" and "Infrastructure Finance Deal of the Year" categories at the 2017 Bonds & Loans Awards organized by the GFC Media Group. The awards were presented to Ziraat Participation in the awards ceremony held on 5 February 2018.



We share more with you.



Our savings in Turkish Lira or foreign currency can be invested in Participation Accounts with maturities of 1, 3, 6 or 12 months or more than 1 year or with flexible maturity. Thus, your savings are secured with the safety of Ziraat Participation and you can benefit from profit shares earned in compliance with the principles of Participation Banking.

Ziraat Participation
Growth through sharing

0850 220 50 00
Customer Communication Center
www.ziraatkatilim.com.tr

 /ziraatkatilim

FINANCIAL DATA, GRAPHS, AND FINANCIAL STATEMENTS

SECTORAL FINANCIAL DATA

TURKISH BANKING SECTOR'S INDICATORS BY SEGMENTS

Bank Group	Number of Institutions	Assets			Deposits			Loans		
		2018	2018	2017	2018	2018	2017	2018	2018	2017
		TL million	share (%)	share (%)	TL million	share (%)	share (%)	Milyon TL	share (%)	share (%)
Participation Banks	5	206,806	5.3	4.9	137,220	6.7	6.1	124,531	5.1	5.0
Deposit Banks	32	3,403,339	88.0	89.7	1,913,946	93.3	93.9	2,144,771	87.0	88.8
Development and Investment Banks	13	257,290	6.7	5.4	0	0.0	0.0	195,953	7.9	6.2
Total	50	3,867,435	100	100,0	2,051,166	100	100	2,465,255	100	100

PARTICIPATION BANKS AND BANKING SECTOR: KEY FINANCIAL INDICATORS (TL MILLION-DECEMBER 2018)*

FİNANSAL BAŞLIKLAR Aralık-18	PARTICIPATION BANKS			BANKING SECTOR			
	December-18	December-17	2018/ December-2017 (change %)	December-18	December-17	2018/ December-2017 (change %)	
Deposits **	TL	60,626	57,494	5.4	1,054,572	961,112	9.7
	FC	67,790	43,180	57.0	954,893	733,817	30.1
	FC-Metal	8,804	4,636	89.9	41,701	24,220	72.2
	Total	137,220	105,310	30.3	2,051,166	1,719,149	19.3
Loans ***	124,562	106,733	16.7	2,465,582	2,145,479	14.9	
Non-Performing Loans (Net)	5,050	3,392	48.9	96,611	63,990	51.0	
Total Assets	206,806	160,136	29.1	3,867,135	3,257,819	18.7	
Shareholders' Equity	16,780	13,645	23.0	421,185	359,091	17.3	
Net Profit****	2,123	1,583	34.1	53,522	48,648	10.0	
Number of Employees	15,654	15,029	4.2	207,716	208,280	(0.3)	
Number of Branches	Branches Domestic	1,120	1,029	8.8	11,493	11,508	(0.1)
	Branches Abroad	2	3	(33.3)	72	77	(6.5)
	Total	1,122	1,032	8.7	11,565	11,585	(0.2)

* Source: BRSA reports

** Bank deposits are excluded. Rediscounts are included.

*** Loans under follow-up are excluded. Rediscounts are included.

**** Net profit figures compared to the same period of last year.

Sector Shares of Participation Banks (%) as of year end 2018:

	2018/December	2017
Funds Collected	6.7%	6.1%
Funds Allocated	5.1%	5.0%
Total Assets	5.3%	4.9%
Shareholders' Equity	4.0%	3.8%
Net Profit	4.0%	3.3%

Non-Performing Loans (Gross)/Loans	
Participation Banks	Banking Sector
4.1%	3.9%

PARTICIPATION BANKS: KEY FINANCIAL INDICATORS (THOUSAND TL, DECEMBER 2018)

		ALBARAKA TÜRK		KUVEYT TÜRK		TÜRKİYE FİNANS		VAKIF KATILIM		ZİRAAT KATILIM		TOTAL		2018 Q4-2017 Change
		2018/Q4	2018 Q4-2017	2018/Q4	2018 Q4-2017	2018/Q4	2018 Q4-2017	2018/Q4	2018 Q4-2017	2018/Q4	2017			
Funds Collected	TL	11,779,608	(11)%	22,520,320	13%	10,902,974	(2)%	7,293,824	7%	8,248,548	30%	60,745,274	57,540,287	6%
	FC	16,843,865	40%	31,465,958	58%	15,959,505	47%	7,888,582	142%	6,902,550	88%	79,060,460	49,770,458	59%
	TOTAL	28,623,473	13%	53,986,278	35%	26,862,479	22%	15,182,406	50%	15,151,098	51%	139,805,734	107,310,745	30%
Funds Allocated *		25,553,233	4%	46,619,267	23%	29,653,165	14%	13,443,573	39%	17,707,664	51%	132,976,902	110,077,254	21%
Non-Performing Loans (Net)		1,888,547	56%	1,179,767	65%	1,732,682	22%	245,988	1493%	240,160	589%	5,287,144	3,392,011	56%
Non-Performing Loans (Gross)/Loans		7.4%	-	2.5%	-	5.8%	-	1.8%	-	1.4%	-	4.0%	3.1%	-
Total Assets		42,223,652	17%	74,232,325	30%	47,052,484	20%	20,955,512	59%	22,188,803	55%	206,652,776	159,993,357	29%
Shareholders' Equity		3,261,451	31%	5,438,553	18%	4,323,181	6%	1,527,226	38%	2,218,584	58%	16,768,995	13,644,821	23%
Net Profit**		133,968	(43)%	869,812	29%	444,750	18%	325,397	136%	322,665	103%	2,096,592	1,583,478	32%
Number of Personnel		3,988	2%	5,871	2%	3,661	(3)%	1,092	51%	1,042	17%	15,654	15,031	4%
Number of Branches		230	5%	415	4%	306	6%	91	44%	80	27%	1,122	1,034	9%

* Leasing receivables and rediscounts are included, non-performing loans are excluded.

** Net Profit figure is compared with the same period of the prior period.

SECTORAL FINANCIAL DATA

PARTICIPATION BANKS: ASSET STRUCTURE AND CHANGES IN SELECTED ITEMS (TL MILLION, %)								
ASSETS	Amount (TL million)			Change (%)		Share in Total (%)		
	2018	2017	2016	2018-2017	2017-2016	2018	2017	2016
Liquid Assets	38,347	17,464	18,507	119.6	(5.6)	18.5	10.9	13.9
Securities Portfolio	15,128	12,883	10,456	17.4	23.2	7.3	8.0	7.9
Available-for-Sale Assets (Net)	12,878	10,519	8,987	22.4	17.0	6.2	6.6	6.8
Held-To-Maturity Assets (Net)	750	1,154	1,412	(35.0)	(18.3)	0.4	0.7	1.1
Financial Assets at Fair Value Through Profit for Loss (Net)	1,500	1,210	57	24.0	2022.8	0.7	0.8	0.0
Reserves	16,564	16,630	13,034	(0.4)	27.6	8.0	10.4	9.8
Loans	112,495	97,615	75,896	15.2	28.6	54.4	61.0	57.1
Non-performing Loans (Net)	-180	992	1,236	(118.1)	(19.7)	(0.1)	0.6	0.9
Non-Performing Loans (Gross)	5,050	3,392	3,262	48.9	4.0	2.4	2.1	2.5
(-) Special Reserves	5,230	2,400	2,026	117.9	18.5	2.5	1.5	1.5
Leasing Receivables (Net)	4,498	4,274	4,122	5.2	3.7	2.2	2.7	3.1
Non-Current Assets	4,736	2,982	2,417	58.8	23.4	2.3	1.9	1.8
Affiliates and Subsidiaries	596	436	403	36.7	8.2	0.3	0.3	0.3
Fixed Assets	3,504	2,216	1,833	58.1	20.9	1.7	1.4	1.4
Available-for-Sale Assets (Net)	636	330	181	92.7	82.3	0.3	0.2	0.1
Rediscounts	8,719	5,365	5,433	62.5	-1.3	4.2	3.4	4.1
Other Assets	6,499	1,932	1,773	236.4	9.0	3.1	1.2	1.3
Total Assets	206,806	160,137	132,874	29	21	100	100	100

Source: The BRSA

"Provision for Non-Performing Loans" line has been revised as "Special Reserves".

PARTICIPATION BANKS: LIABILITIES STRUCTURE AND CHANGES IN SELECTED ITEMS (TL MILLION, %)								
LIABILITIES	Amount (TL million)			Change (%)		Share in Total (%)		
	2018	2017	2016	2018-2017	2017-2016	2018	2017	2016
Deposits	136,612	104,993	81,273	30.1	29.2	66.1	65.6	61.2
TL	44,747	32,047	23,049	39.6	39.0	21.6	20.0	17.4
FC	91,865	72,946	58,224	25.9	25.3	44.4	45.6	43.9
Loans to Banks	15,211	15,648	16,346	(2.8)	(4.3)	7.4	9.8	12.3
Funds	1,809	1,662	2,433	8.8	(31.7)	0.9	1.0	1.8
Rediscounts	1,761	1,070	1,079	64.6	(0.8)	0.9	0.7	0.8
Shareholders' Equity	16,796	13,645	11,496	23.1	18.7	8.1	8.5	8.7
Paid-in Capital	9,767	8,752	7,839	11.6	11.6	4.7	5.5	5.9
Capital Reserves	5,012	3,009	2,177	66.6	38.2	2.4	1.9	1.6
Prior Years' Profits	-128	101	90	(226.7)	12.2	(0.1)	0.1	0.1
Period Profit	2,124	1,583	1,106	34.2	43.1	1.0	1.0	0.8
Others	6	200	283	(97.0)	(29.3)	0.0	0.1	0.2
Debt Instruments	4,356	4,070	4,470	7.0	(8.9)	2.1	2.5	3.4
Reserves	1,887	2,029	1,501	(7.0)	35.2	0.9	1.3	1.1
Other Liabilities	28,373	17,020	14,173	66.7	20.1	13.7	10.6	10.7
Total	206,806	160,137	132,771	29	21	100	100	100

Source: The BRSA

PARTICIPATION BANKS: INCOME/LOSS STRUCTURE AND CHANGES IN SELECTED ITEMS (TL MILLION, %)								
INCOME/LOSS	Amount (TL million)			Change (%)		Rate Over Net Income/Loss Before Tax (%)		
	2018	2017	2016	2018-2017	2017-2016	2018	2017	2016
Profit Share Income	16,186	10,628	8,371	52	27	593	540	614
Profit Share Expense	9,455	5,522	4,318	71	28	347	281	317
Net Profit Share Income	6,731	5,106	4,053	32	26	247	260	297
Income Other Than Profit Share	3,645	2,052	2,046	78	0	134	104	150
Net Fees and Commissions Income	1,023	847	796	21	6	38	43	58
Banking Services Income	895	653	562	37	16	33	33	41
Other Income Other Than Profit Share	1,727	552	688	213	(20)	63	28	50
Expenses Other Than Profit Share	6,814	4,281	3,647	59	17	250	218	267
Personnel	1,961	1,589	1,439	23	10	72	81	105
Fees and Commissions Expenses	523	394	369	33	7	19	20	27
Other Expenses Other Than Profit Share	4,330	2,298	1,839	88	25	159	117	135
Income/Expenses Other Than Profit Share	1,229	490	463	151	6	45	25	34
P/L From Capital Market Transactions	877	(409)	382	(314)	(207)	32	(21)	28
Profit/Loss From FX Transactions	351	898	80	(61)	1023	13	46	6
Others	0	1	1	(100)	-	0	0	0
Profit/Loss Before Tax	2,728	1,967	1,364	39	44	100	100	100
Tax Provisions	604	384	258	57	49	22	20	19
Net Profit/Loss	2,124	1,583	1,106	34	43	78	80	81

Source: The BRSA

PARTICIPATION BANKS VS BANKING SECTOR: COMPARISON BETWEEN SELECTED RATIOS						
Description	Participation Banks			Banking Sector		
	2018	2017	2016	2018	2017	2016
Non-Performing Loans (Gross)/Total Cash Loans (%)	4.14	3.22	3.90	3.9	3.0	3.2
Provisions for Non-Performing Loans/Non-Performing Loans (Gross) (%)	63.30	70.75	62.10	68.3	79.4	77.4
Large Deposits (TL 1 million and Above)/Total Deposits (%)	45.49	41.38	37.70	54.5	53.2	53.3
Profit/Loss Before Tax/Average Total Assets (ROAA) (%)	1.48	1.36	1.10	1.8	2.0	1.9
Net Profit/Loss/Average Shareholders' Equity (ROAE) (%)	15.14	13.50	0.90	14.7	16.0	14.3
Net Profit Share Income/Loss/Average Total Assets (%)	3.57	3.52	3.30	3.9	3.8	3.6
Fees, Commissions and Banking Services Income/Average Total Assets (%)	1.02	1.03	1.10	1.3	1.2	1.2
Fees, Commission and Banking Services Income/Total Income (%)	8.96	10.73	12.42	10.1	11.8	12.1
Operational Expenses/Average Total Assets (%)	2.05	2.17	2.20	1.7	1.8	1.9
Income Other Than Profit Share/Expenses Other Than Profit Share (%)	99.33	97.13	96.00	98.3	97.2	98.9
Fees and Commissions Income/Operational Expenses (%)	49.62	47.61	49.90	78.2	67.3	63.6
Average Total Assets/Average Number of Employees (TL thousand)	12.280	9.845	8.531	17.937	14.306	11.760
Deposits/Average Number of Employees (TL thousand)	8.890	7.131	5.767	9.769	8.148	6.833
Profit/Loss Before Tax/Average Number of Employees (TL thousand)	181.21	113.59	96.77	315	292	222
Deposits/Number of Branches (TL thousand)	127,417	105,928	88,116	175,849	146,392	121,452
Loans/Number of Branches (TL thousand)	113,829	106,219	90,292	215,471	185,307	150,088
Number of Employees/Number of Branches (Person)	14	15	15	18	18	18
Total Cash Loans/Deposits (%)	89.3	100.3	102.4	122.6	126.6	123.6
Total Securities Portfolio/Deposits (%)	11.1	12.3	12.8	23.5	23.5	24.2
Demand Deposits/Total Deposits (%)	32.8	30.5	28.4	21.3	21.2	20.3
Shareholders' Equity/Total Risk-Weighted Items (Capital Adequacy Standard Ratio) (%)	15.8	17.0	16.2	17.3	16.9	15.6
Liabilities/Shareholders' Equity (%)	1,121.11	1,058.7	1,043.1	809.07	791.0	793.8

Source: The BRSA

SECTORAL FINANCIAL DATA
PARTICIPATION BANKS: SUMMARY BALANCE SHEET - ASSETS (TL Thousand)

ASSETS		Current Period December 31, 2018		
		TL	FC	Total
I.	Financial Assets (Net)	13,869,495	48,504,936	62,374,431
II.	Loans (Net)	90,211,432	42,892,054	133,103,486
III.	Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	1,330,227	718	1,330,945
IV.	Equity Investments	39,581	5,907	45,488
V.	Property and Equipment (Net)	2,583,142	422	2,583,564
VI.	Intangible Assets (Net)	359,919	48	359,967
VII.	Investment Property (Net)	25,305	-	25,305
VIII.	Current Tax Asset	3,492	-	3,492
IX.	Deferred Tax Asset	395,349	-	395,349
X.	Other Assets	2,319,564	3,217,490	5,537,054
	Total Assets	112,031,201	94,621,575	206,652,776

ASSETS		Prior Period December 31, 2017		
		TL	FC	Total
I.	Cash Balances with the Central Bank of Turkey	2,603,200	22,004,378	24,607,578
II.	Financial Assets at Fair Value Through Profit and Loss (Net)	1,187,022	80,498	1,267,520
III.	Banks	718,652	5,469,126	6,187,778
IV.	Money Market Placements	-	-	-
V.	Financial Assets Available for Sale (Net)	5,963,565	4,762,854	10,726,419
VI.	Loans and Receivables	87,706,260	19,089,490	106,795,750
VII.	Investments Held to Maturity (Net)	1,203,331	-	1,203,331
VIII.	Investments in Associates (Net)	9,616	-	9,616
IX.	Investments in Subsidiaries (Net)	383,347	-	383,347
X.	Entities Under Common Control (Joint Vent.) (Net)	20,020	-	20,020
XI.	Receivables from Leasing Transactions	3,584,256	689,536	4,273,792
XII.	Derivative Financial Assets for Hedging Purpose	147,489	-	147,489
XIII.	Tangible Assets (Net)	1,924,717	420	1,925,137
XIV.	Intangible Assets (Net)	300,283	131	300,414
XV.	Real Estates for Investment Purpose (Net)	25,419	-	25,419
XVI.	Tax Asset	127,158	-	127,158
XVII.	Assets Held for Sale and Assets Held from Discounted Operations (Net)	470,927	493	471,420
XVIII.	Other Assets	667,350	695,268	1,362,618
	Total Assets	107,201,163	52,792,194	159,993,357

PARTICIPATION BANKS: SUMMARY BALANCE SHEET - LIABILITIES (TL Thousand)

LIABILITIES		Current Period December 31, 2018		
		TL	FC	Total
I.	Funds Collected	71,648,248	79,060,460	139,805,734
II.	Funds Borrowed	16,014,594	24,574,892	36,062,813
III.	Money Markets Debts	1,824,374	-	1,824,374
IV.	Securities Issued (Net)	-	-	-
V.	Financial Liabilities at Fair Value Through Profit or Loss	-	-	-
VI.	Derivative Financial Liabilities	137,076	537,582	622,709
VII.	Finance Lease Payables	-	415	415
VIII.	Provisions	#VALUE!	237,640	1,413,459
IX.	Current Tax Liability	489,315	3,181	422,782
X.	Deferred Tax Liability	-	-	-
XI.	Liabilities For Property and Equipment Held for Sale and Related to Discontinued Operations (Net)	-	-	-
XII.	Subordinated Debt Instruments	-	4,432,022	4,432,022
XIII.	Other Liabilities	6,304,516	528,633	5,299,473
XIV.	Shareholders' Equity	21,277,527	(122,209)	16,768,995
	Total Liabilities	119,091,016	109,252,616	206,652,776

LIABILITIES		Prior Period December 31, 2017		
		TL	FC	Total
I.	Fund Collected	57,540,287	49,770,458	107,310,745
II.	Derivative Financial Liabilities Held for Trading	34,668	88,100	122,768
III.	Funds Borrowed	5,305,080	22,699,845	28,004,925
IV.	Money Market Balances	2,003,778	-	2,003,778
V.	Marketable Securities Issued (Net)	-	-	-
VI.	Miscellaneous Payables	1,595,350	342,764	1,964,697
VII.	Other Liabilities	618,443	38,924	657,367
VIII.	Finance Lease Payables	-	-	-
IX.	Derivative Financial Liabilities for Hedging	-	327,591	327,591
X.	Provisions	1,476,166	265,669	951,186
XI.	Tax Liability	264,081	2,910	266,991
XII.	Liabilities for Assets Held for Sale and Held from Discontinued Operations (Net)	-	-	-
XIII.	Subordinated Loans	-	3,947,839	3,947,839
XIV.	Shareholders' Equity	13,641,645	3,176	13,644,821
	Total Liabilities	82,479,498	77,513,859	159,993,357

SECTORAL FINANCIAL DATA

PARTICIPATION BANKS: SUMMARY STATEMENT OF OFF-BALANCE SHEET ACCOUNTS - (TL Thousand)

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		Current Period December 31, 2018		
		TL	FC	Total
A.	Off-Balance Sheet Commitments (I+II+III)	81,275,736	68,858,929	150,134,665
I.	Guarantees and Warranties	22,827,855	22,552,448	45,380,303
II.	Commitments	54,326,796	4,310,339	58,637,135
III.	Derivative Financial Instruments	4,121,085	41,996,142	46,117,227
B.	Custody and Pledges Received (IV+V+VI)	941,061,759	235,285,330	1,176,347,089
IV.	Items Held in Custody	22,501,358	11,100,921	33,602,279
V.	Pledges Received	909,208,838	220,051,094	1,129,259,932
VI.	Accepted Independent Guarantees and Warranties	11,639	202,928	214,567
	Total Off-Balance Sheet Commitments (A+B)	1,022,337,495	304,144,259	1,326,481,754

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS		Prior Period December 31, 2017		
		TL	FC	Total
A.	Off-Balance Sheet Commitments (I+II+III)	77,085,191	48,221,111	125,306,302
I.	Guarantees and Warranties	21,851,508	16,704,001	38,555,509
II.	Commitments	50,332,388	3,259,349	53,591,737
III.	Derivative Financial Instruments	4,901,295	28,257,761	33,159,056
B.	Custody and Pledges Received (IV+V+VI)	824,814,228	172,876,295	997,690,523
IV.	Items Held in Custody	17,531,855	7,237,234	24,769,089
V.	Pledges Received	807,270,734	165,536,970	972,807,704
VI.	Accepted Independent Guarantees and Warranties	11,639	102,091	113,730
	Total Off-Balance Sheet Commitments (A+B)	901,899,419	221,097,406	1,122,996,825

PARTICIPATION BANKS: SUMMARY STATEMENT OF INCOME (TL Thousand)

INCOME AND EXPENSE ITEMS		Current Period January 1 - December 31, 2018
I.	Profit Share Income	16,764,613
II.	Profit Share Expense	9,467,114
III.	Net Profit Share Income (I - II)	7,297,499
IV.	Net Fees and Commissions Income/Expense	783,016
V.	Personnel Expense (-)	1,170,852
VI.	Dividend Income	1,804
VII.	Trading Income /(Loss) (Net)	1,226,956
VIII.	Other Operating Income	1,741,268
IX.	Gross Operating Income (III+IV+V+VI+VII+VIII)	8,978,517
X.	Expected Credit Loss (-)	1,984,403
XI.	Other Operating Expenses (-)	1,184,628
XII.	Net Operating Income/(Loss) (VIII-IX-X)	2,692,538
XIII.	Excess Amount Recorded as Income After Merger	-
XIV.	Income/(Loss) From Investments in Subsidiaries Consolidated Based on Equity Method	-
XV.	Income/(Loss) on Net Monetary Position	-
XVI.	Profit/Loss Before Tax from Continued Operations (XII+...+XV)	2,692,538
XVII.	Tax Provision for Continued Operations (±)	-100,312
XVIII.	Current Period Profit/Loss from Continued Operations (XVI±XVII)	2,096,592
XIX.	Income from Discontinued Operations	-
XX.	Expenses for Discontinued Operations (-)	-
XXI.	Profit/Loss Before Tax from Discontinued Operations (XIX-XX)	-
XXII.	Tax Provision for Discontinued Operations (±)	-
XXIII.	Current Period Profit/Loss from Discontinued Operations (XXI±XXII)	-
XXIV.	Net Income/(Loss) (XVIII+XXIII)	2,096,592

INCOME AND EXPENSE STATEMENT		Prior Period January 1 - December 31, 2017
I.	Profit Share Income	13,751,552
II.	Profit Share Expense	6,925,970
III.	Net Profit Share Income (I - II)	6,825,582
IV.	Net Fees and Commissions Income/Expense	725,217
V.	Dividend Income	-
VI.	Net Trading Income	534,337
VII.	Other Operating Income	793,333
VIII.	Net Operating Income (III+IV+V+VI+VII)	8,878,469
IX.	Provision for Loan Losses and Other Receivables (-)	1,304,192
X.	Other Operating Expenses (-)	2,407,420
XI.	Net Operating Income/(Loss) (VIII-IX-X)	2,254,031
XII.	Amount in Excess Recorded as Gain After Merger	-
XIII.	Gain/(Loss) on Equity Method	-
XIV.	Gain/(Loss) on Net Monetary Position	-
XV.	Profit/(Loss) Before Taxes from Continued Operations (XI+...+XIV)	2,254,031
XVI.	Tax Provision for Continued Operations (±)	-226,632
XVII.	Net Profit/(Loss) from Continued Operations (XV±XVI)	1,820,571
XVIII.	Income from Discontinued Operations	-
XIX.	Loss from Discontinued Operations (-)	-
XX.	Profit/Losses Before Taxes from Discontinued Operations (XVIII-XIX)	-
XXI.	Provision For Income Taxes from Discontinued Operations (±)	-
XXII.	Net Profit/Loss from Discontinued Operations (XX±XXI)	-
XXIII.	Net Profit/Loss (XVII+XXII)	1,820,571

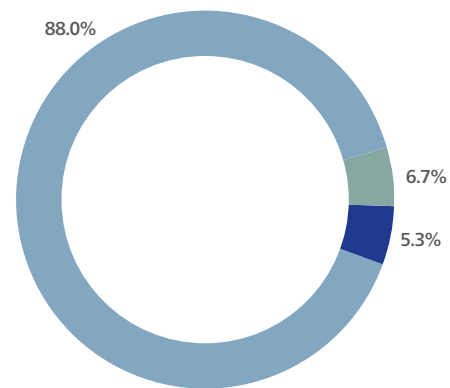
SECTORAL GRAPHS

The participation banking sector successfully continued its journey in the path of sustainable growth in 2018.

The asset size of the sector, in which 5 banks were active, reached TL 206,806 million with a growth of 29.1%.

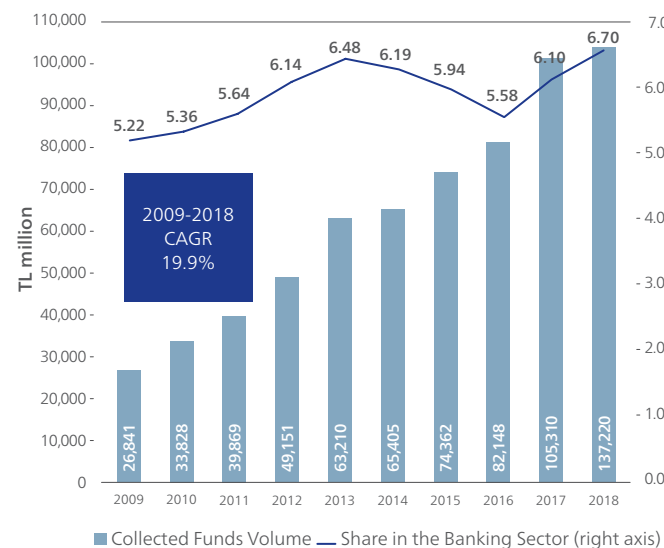
The average annual growth rate of the sector in 2009-2018 period was 22.4%.

SHARES IN ASSET IN TURKISH BANKING SECTOR



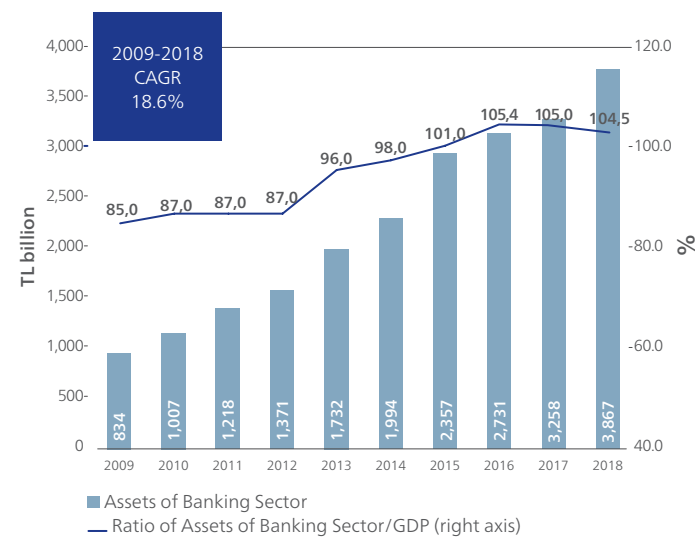
■ Participation Banks ■ Deposit Banks ■ Development and Investment Banks
(Share based received from total assets)

DEVELOPMENT OF FUNDS COLLECTED OF PARTICIPATION BANKS



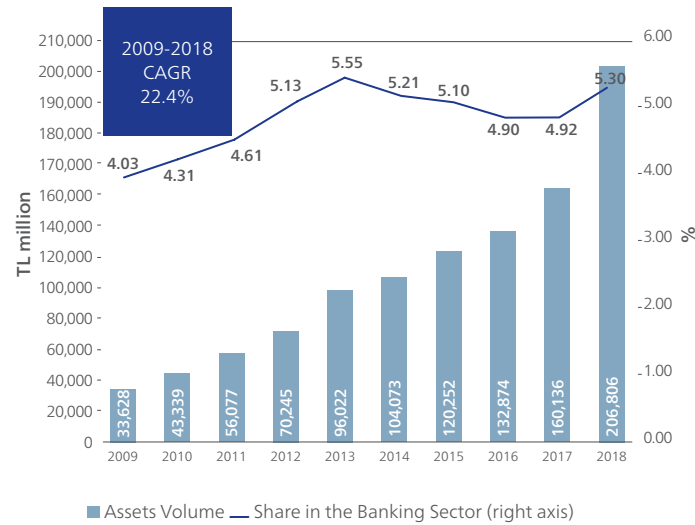
■ Collected Funds Volume — Share in the Banking Sector (right axis)

TURKISH BANKING SECTOR VOLUME AND RATIO TO GDP



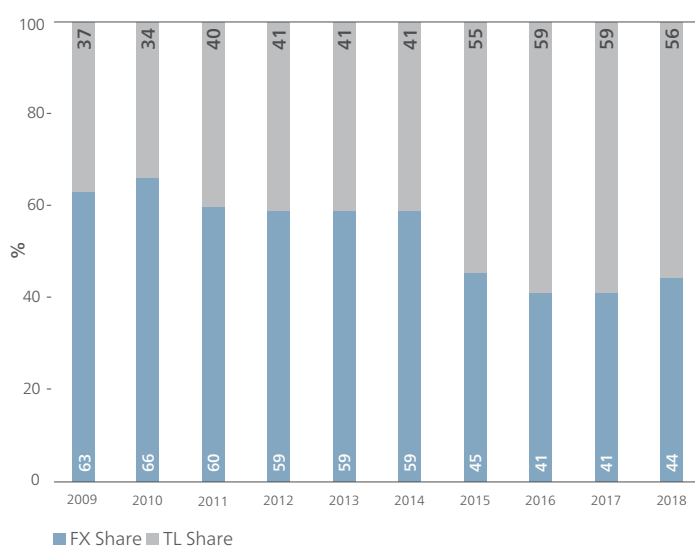
■ Assets of Banking Sector — Ratio of Assets of Banking Sector/GDP (right axis)

DEVELOPMENT OF ASSETS OF PARTICIPATION BANKS AND SHARES IN THE SECTOR



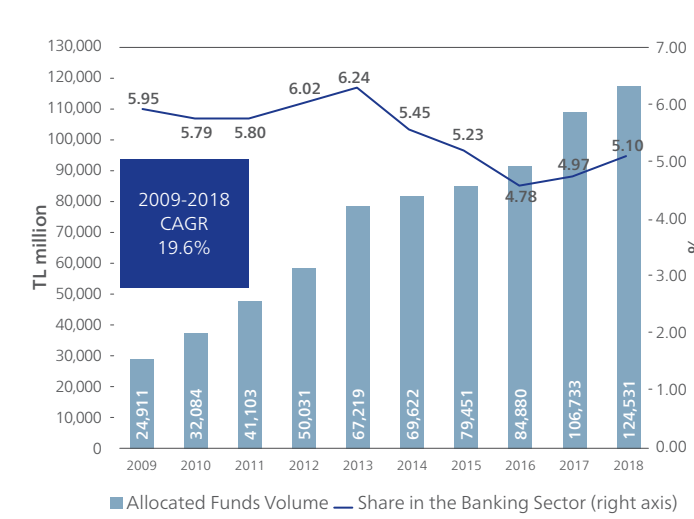
■ Assets Volume — Share in the Banking Sector (right axis)

TL/FC CONCENTRATION OF FUNDS COLLECTED OF PARTICIPATION BANKS



■ FX Share ■ TL Share

DEVELOPMENT OF FUNDS ALLOCATED OF PARTICIPATION BANKS



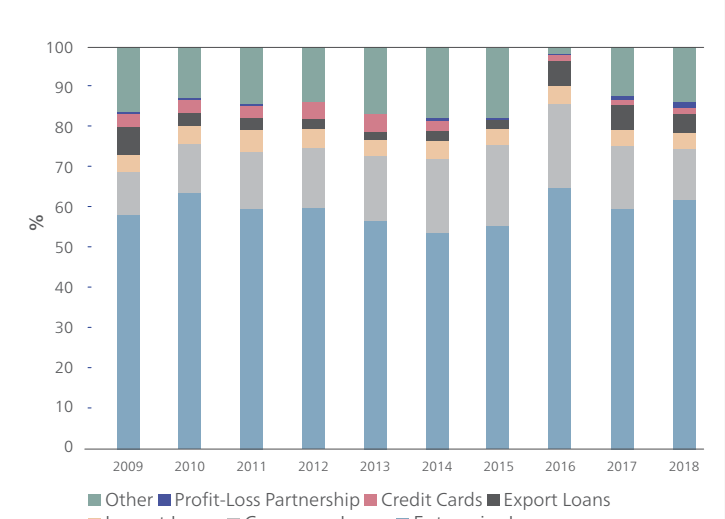
■ Allocated Funds Volume — Share in the Banking Sector (right axis)

RATIO OF FUNDS ALLOCATED TO FUNDS COLLECTED (%)



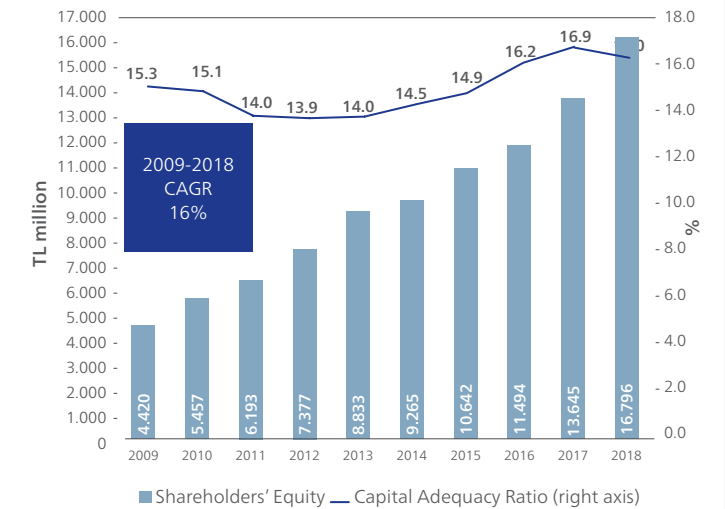
— Participation Banks — Banking Sector

CONCENTRATION OF FUNDS ALLOCATED BY TYPES



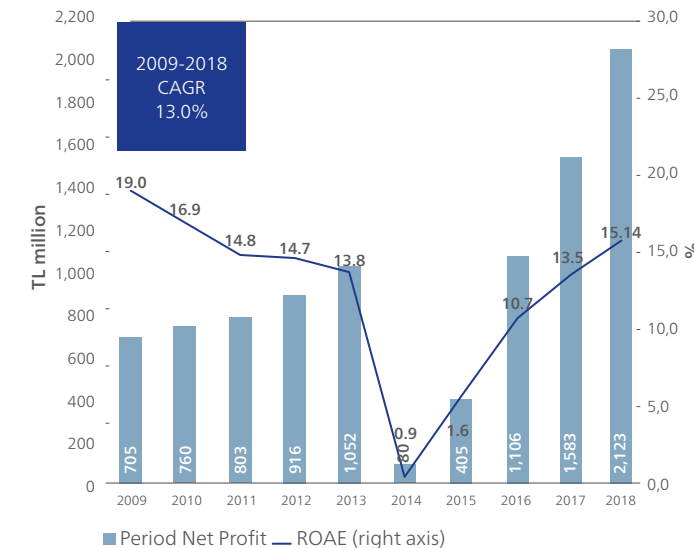
■ Other ■ Profit-Loss Partnership ■ Credit Cards ■ Export Loans ■ Import Loans ■ Consumer Loans ■ Enterprise Loans

DEVELOPMENT OF SHAREHOLDERS' EQUITY OF PARTICIPATION BANKS



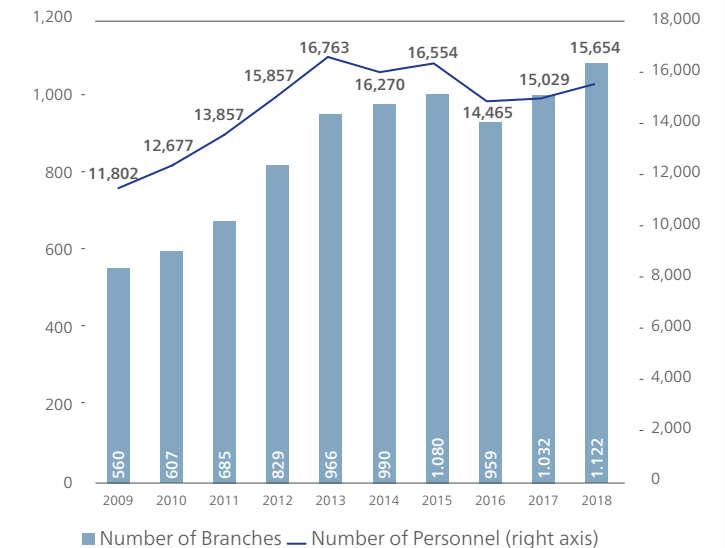
■ Shareholders' Equity — Capital Adequacy Ratio (right axis)

DEVELOPMENT OF NET PROFIT OF PARTICIPATION BANKS



■ Period Net Profit — ROAE (right axis)

DEVELOPMENT OF BRANCHES AND STAFF OF PARTICIPATION BANKS



■ Number of Branches — Number of Personnel (right axis)

ALBARAKA TÜRK KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL Thousand)

ASSETS		Current Period December 31, 2018		
		TL	FC	Total
I.	Financial Assets (Net)	3,824,347	10,260,210	14,084,557
II.	Loans (Net)	15,976,372	10,208,617	26,184,989
III.	Assets Held for Sale and Assets of Discontinued Operations (Net)	648,970	718	649,688
IV.	Ownership Investments (Net)	33,837	5,907	39,744
V.	Tangible Assets (Net)	655,230	219	655,449
VI.	Intangible Assets (Net)	31,419	-	31,419
VII.	Investment Property (Net)	-	-	-
VIII.	Current Tax Asset	3,492	-	3,492
IX.	Deferred Tax Asset	170,099	-	170,099
X.	Other Assets	362,551	41,664	404,215
	Total Assets	21,706,317	20,517,335	42,223,652

ASSETS		Prior Period December 31, 2017		
		TL	FC	Total
I.	Cash and Balances with the Central Bank	422,105	5,334,890	5,756,995
II.	Financial Assets at Fair Value Through Profit and Loss (Net)	990,788	3,363	994,151
III.	Banks	706,186	805,221	1,511,407
IV.	Money Market Placements	-	-	-
V.	Financial Assets-Available for Sale (Net)	937,211	412,022	1,349,233
VI.	Loans and Receivables	18,334,954	6,121,428	24,456,382
VII.	Investments Held to Maturity (Net)	532,803	-	532,803
VIII.	Investments in Associates (Net)	4,719	-	4,719
IX.	Subsidiaries (Net)	5,400	-	5,400
X.	Joint Ventures (Net)	20,000	-	20,000
XI.	Lease Receivables (Net)	737,081	-	737,081
XII.	Derivative Financial Assets for Hedging Purposes	-	-	-
XIII.	Tangible Assets (Net)	589,430	236	589,666
XIV.	Intangible Assets (Net)	28,397	78	28,475
XV.	Investment Property (Net)	-	-	-
XVI.	Tax Asset	55,029	-	55,029
XVII.	Assets Held for Sale and Assets of Discontinued Operations (Net)	83,737	493	84,230
XVIII.	Other Assets	81,075	22,431	103,506
	Total Assets	23,528,915	12,700,162	36,229,077

LIABILITIES		Current Period December 31, 2018		
		TL	FC	Total
I.	Funds Collected	11,779,608	16,843,865	28,623,473
II.	Funds Borrowed	1,834,328	5,017,765	6,852,093
III.	Borrowings From Money Markets	771,957	-	771,957
IV.	Securities Issued (Net)	-	-	-
V.	Financial Liabilities At Fair Value Through Profit And Loss	-	-	-
VI.	Derivative Financial Liabilities	1,545	-	1,545
VII.	Lease Payables	-	-	-
VIII.	Provisions	89,535	736	90,271
IX.	Current Tax Liability	53,041	3,181	56,222
X.	Deferred Tax Liability	-	-	-
XI.	Liabilities For Assets Held For Sale And Assets Of Discontinued Operations (Net)	-	-	-
XII.	Subordinated Loans	-	1,204,297	1,204,297
XIII.	Other Liabilities	1,288,023	74,320	1,362,343
XIV.	Shareholders' Equity	3,269,225	(7,774)	3,261,451
	Total Liabilities	19,087,262	23,136,390	42,223,652

LIABILITIES		Prior Period December 31, 2017		
		TL	FC	Total
I.	Funds Collected	13,247,715	12,062,125	25,309,840
II.	Derivative Financial Liabilities Held For Trading	76	6,342	6,418
III.	Funds Borrowed	798,755	4,613,214	5,411,969
IV.	Borrowings From Money Markets	340,000	-	340,000
V.	Securities Issued (Net)	-	-	-
VI.	Miscellaneous Payables	604,017	90,087	694,104
VII.	Other Liabilities	-	-	-
VIII.	Lease Payables	-	-	-
IX.	Derivative Financial Liabilities For Hedging Purposes	-	-	-
X.	Provisions	233,722	31,098	264,820
XI.	Tax Liability	90,347	2,910	93,257
XII.	Liabilities For Assets Held For Sale And Assets Of Discontinued Operations (Net)	-	-	-
XIII.	Subordinated Loans	-	1,627,163	1,627,163
XIV.	Shareholders' Equity	2,481,652	(146)	2,481,506
	Total Liabilities	17,796,284	18,432,793	36,229,077

ALBARAKA TÜRK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF OFF-BALANCE SHEET (TL Thousand)

STATEMENT OF OFF-BALANCE SHEET		Current Period December 31, 2018		
		TL	FC	Total
A.	Off Balance Sheet Commitments (I+II+III)	6,476,432	5,967,594	12,444,026
I.	Guarantees and Sureties	4,655,835	5,389,862	10,045,697
II.	Commitments	1,553,305	315,080	1,868,385
III.	Derivative Financial Instruments	267,292	262,652	529,944
B.	Custody and Pledged Items (IV+V+VI)	68,732,410	13,762,534	82,494,944
IV.	Items Held In Custody	2,380,394	2,083,413	4,463,807
V.	Pledged Items	57,012,092	7,748,734	64,760,826
VI.	Accepted Independent Guarantees and Warranties	-	-	-
	Total Off Balance Sheet Accounts (A+B)	75,208,842	19,730,128	94,938,970

STATEMENT OF OFF-BALANCE SHEET		Prior Period December 31, 2017		
		TL	FC	Total
A.	Off Balance Sheet Commitments (I+II+III)	6,252,472	5,192,237	11,444,709
I.	Guarantees and Sureties	4,136,465	3,996,159	8,132,624
II.	Commitments	1,999,439	232,913	2,232,352
III.	Derivative Financial Instruments	116,568	963,165	1,079,733
B.	Custody and Pledged Items (IV+V+VI)	59,076,439	9,015,013	68,091,452
IV.	Items Held in Custody	2,064,347	1,266,279	3,330,626
V.	Pledged Items	57,012,092	7,748,734	64,760,826
VI.	Accepted Independent Guarantees and Warranties	-	-	-
	Total Off Balance Sheet Accounts (A+B)	65,328,911	14,207,250	79,536,161

ALBARAKA TÜRK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL Thousand)

STATEMENT OF PROFIT OR LOSS		Current Period
		January 1 - December 31, 2018
I.	Profit Share Income	3,019,738
II.	Profit Share Expense	2,000,179
III.	Net Profit Share Income (I – II)	1,019,559
IV.	Net Fees and Commissions Income/Expenses	198,153
V.	Personnel Expenses (-)	535,985
VI.	Dividend Income	177
VII.	Trading Income/Loss (Net)	358,815
VIII.	Other Operating Income	360,618
IX.	Total Operating Income (III+IV+V+VI+VII+VIII)	1,401,337
X.	Expected Credit Loss (-)	607,836
XI.	Other Operating Expenses (-)	625,006
XII.	Net Operating Income/(Loss) (VIII-IX-X)	168,495
XIII.	Excess Amount Recorded As Gain After Merger	-
XIV.	Profit/(Loss) on Equity Method	-
XV.	Profit/(Loss) on Net Monetary Position	-
XVI.	Profit/(Loss) from Continued Operations Before Taxes (XI+...+XIV)	168,495
XVII.	Tax Provision for Continued Operations (±)	34,527
XVIII.	Net Income/(Loss) From Continued Operations (XV±XVI)	133,968
XIX.	Income from Discontinued Operations	-
XX.	Loss from Discontinued Operations (-)	-
XXI.	Profit/(Loss) on Discontinued Operations Before Taxes (XVIII-XIX)	-
XXII.	Tax Provision for Discontinued Operations (±)	-
XXIII.	Net Profit/Loss from Discontinued Operations (XX±XXI)	-
XXIV.	Net Profit/Loss (XVII+XXII)	133,968

INCOME AND EXPENSE ITEMS		Prior Period
		January 1 - December 31, 2017
I.	Profit Share Income	2,658,587
II.	Profit Share Expense	1,390,788
III.	Net Profit Share Income (I – II)	1,267,799
IV.	Net Fees and Commissions Income/Expenses	148,457
V.	Dividend Income	-
VI.	Trading Income/Loss (Net)	45,363
VII.	Other Operating Income	122,146
VIII.	Total Operating Income (III+IV+V+VI+VII)	1,583,765
IX.	Provision for Loan Losses and Other Receivables (-)	460,758
X.	Other Operating Expenses (-)	834,207
XI.	Net Operating Income/(Loss) (VIII-IX-X)	288,800
XII.	Excess Amount Recorded as Gain After Merger	-
XIII.	Profit/(Loss) on Equity Method	-
XIV.	Profit/(Loss) on Net Monetary Position	-
XV.	Profit/(Loss) from Continued Operations Before Taxes (XI+...+XIV)	288,800
XVI.	Tax Provision for Continued Operations (±)	51,707
XVII.	Net Income/(Loss) from Continued Operations (XV±XVI)	237,093
XVIII.	Income from Discontinued Operations	-
XIX.	Loss from Discontinued Operations (-)	-
XX.	Profit/(Loss) on Discontinued Operations Before Taxes (XVIII-XIX)	-
XXI.	Tax Provision for Discontinued Operations (±)	-
XXII.	Net Profit/Loss from Discontinued Operations (XX±XXI)	-
XXIII.	Net Profit/Loss (XVII+XXII)	237,093

KUVEYT TÜRK KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL Thousand)

ASSETS		Current Period December 31, 2018		
		TL	FC	Total
I.	Financial Assets (Net)	3,639,236	19,911,720	23,550,956
II.	Loans (Net)	31,038,014	14,827,277	45,865,291
III.	Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	270,382	-	270,382
IV.	Equity Investments	547,950	-	547,950
V.	Tangible Assets (Net)	688,685	203	688,888
VI.	Intangible Assets (Net)	136,931	48	136,979
VII.	Investment Properties (Net)	25,305	-	25,305
VIII.	Current Tax Assets	-	-	-
IX.	Deferred Tax Assets	346,640	-	346,640
X.	Other Assets	817,583	1,982,351	2,799,934
	Total Assets	37,510,726	36,721,599	74,232,325

ASSETS		Prior Period December 31, 2017		
		TL	FC	Total
I.	Cash and Balances with the Central Bank	625,022	8,307,834	8,932,856
II.	Financial Assets at Fair Value Through Profit and Loss	176,941	66,466	243,407
III.	Banks	7,404	3,568,616	3,576,020
IV.	Receivables from Money Market	-	-	-
V.	Financial Assets Available for Sale (Net)	2,088,123	2,339,942	4,428,065
VI.	Loans and Receivables	29,860,983	6,180,316	36,041,299
VII.	Held to Maturity Investments (Net)	-	-	-
VIII.	Investments in Associates (Net)	-	-	-
IX.	Investments in Subsidiaries (Net)	377,647	-	377,647
X.	Entities Under Common Control (Joint Vent.) (Net)	20,000	-	20,000
XI.	Finance Lease Receivables (Net)	1,285,866	643,376	1,929,242
XII.	Derivative Financial Assets for Hedging Purposes	-	-	-
XIII.	Tangible Assets (Net)	409,559	184	409,743
XIV.	Intangible Assets (Net)	118,959	53	119,012
XV.	Investment Properties (Net)	25,419	-	25,419
XVI.	Tax Asset	138,710	-	138,710
XVII.	Assets Held for Sale and Discontinued Operations (Net)	117,006	-	117,006
XVIII.	Other Assets	183,231	581,438	764,669
	Total Assets	35,434,870	21,688,225	57,123,095

LIABILITIES		Current Period December 31, 2018		
		TL	FC	Total
I.	Funds Collected	22,520,320	31,465,958	53,986,278
II.	Funds Borrowed	2,038,900	8,103,989	10,142,889
III.	Money Markets	188,003	-	188,003
IV.	Securities Issued (Net)	-	-	-
V.	Financial Liabilities at Fair Value Through Profit or Loss	-	-	-
VI.	Derivative Financial Liabilities	21,045	148,288	169,333
VII.	Lease Payables	-	-	-
VIII.	Provisions	615,510	180,385	795,895
IX.	Current Tax Liabilities	175,685	-	175,685
X.	Deferred Tax Liabilities	-	-	-
XI.	Liabilities for Property and Equipment Held for Sale and Related to Discontinued Operations (Net)	-	-	-
XII.	Subordinated Debt Instruments	-	1,901,210	1,901,210
XIII.	Other Liabilities	1,282,540	151,939	1,434,479
XIV.	Shareholders` Equity	5,489,985	(51,432)	5,438,553
	Total Liabilities and Equity	32,331,988	41,900,337	74,232,325

LIABILITIES		Prior Period December 31, 2017		
		TL	FC	Total
I.	Funds Collected	19,955,412	19,901,988	39,857,400
II.	Derivative Financial Liabilities Held for Trading	21,446	59,251	80,697
III.	Funds Borrowed	1,258,301	7,773,208	9,031,509
IV.	Money Market Balances	750,524	-	750,524
V.	Marketable Securities Issued (Net)	-	-	-
VI.	Sundry Creditors	171,509	26,610	198,119
VII.	Other Liabilities	318,674	16,177	334,851
VIII.	Finance Lease Payables (Net)	-	-	-
IX.	Derivative Financial Liabilities for Hedging Purposes	-	70,795	70,795
X.	Provisions	642,554	148,886	791,440
XI.	Tax Liability	56,271	-	56,271
XII.	Payables Related to Assets Held for Sale and Discontinued Operations (Net)	-	-	-
XIII.	Subordinated Loans	-	1,360,338	1,360,338
XIV.	Shareholders' Equity	4,578,542	12,609	4,591,151
	Total Liabilities and Equity	27,753,233	29,369,862	57,123,095

KUYEYT TÜRK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF OFF-BALANCE SHEET (TL Thousand)

STATEMENT OF OFF-BALANCE SHEET		Current Period December 31, 2018		
		TL	FC	Total
A.	Commitments and Contingencies (I+II+III)	57,546,517	29,226,698	86,773,215
I.	Guarantees and Warranties	6,416,633	5,451,457	11,868,090
II.	Commitments	50,194,084	1,327,223	51,521,307
III.	Derivative Financial Instruments	935,800	22,448,018	23,383,818
B.	Custody and Pledged Securities (IV+V+VI)	316,497,679	142,487,425	458,985,104
IV.	Items Held in Custody	10,816,866	5,644,771	16,461,637
V.	Pledged Items	305,669,174	136,780,695	442,449,869
VI.	Accepted Guarantees and Warranties	11,639	61,959	73,598
	Total Off Balance Sheet Accounts (A+B)	374,044,196	171,714,123	545,758,319

STATEMENT OF OFF-BALANCE SHEET		Prior Period December 31, 2017		
		TL	FC	Total
A.	Off Balance Sheet Contingencies and Commitments (I+II+III)	54,025,598	19,041,939	73,067,537
I.	Guarantees	6,501,080	4,567,075	11,068,155
II.	Commitments	45,832,293	948,078	46,780,371
III.	Derivative Financial Instruments	1,692,225	13,526,786	15,219,011
B.	Custody and Pledged Items (IV+V+VI)	264,937,891	106,948,648	371,886,539
IV.	Items Held in Custody	9,232,412	3,224,354	12,456,766
V.	Pledged Items	255,693,840	103,679,813	359,373,653
VI.	Accepted Independent Guarantees and Warranties	11,639	44,481	56,120
	Total Off Balance Sheet Accounts (A+B)	318,963,489	125,990,587	444,954,076

KUYEYT TÜRK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL Thousand)

STATEMENT OF PROFIT OR LOSS		Current Period
		January 1 - December 31, 2018
I.	Profit Share Income	5,997,843
II.	Profit Share Expense (-)	2,850,053
III.	Net Profit Share Income (I - II)	3,147,790
IV.	Net Fees and Commissions Income/Expense	349,546
V.	Personnel Expenses (-)	803,290
VI.	Dividend Income	1,273
VII.	Net Trading Income/Loss (Net)	453,415
VIII.	Other Operating Income	656,516
IX.	Net Operating Income/Loss (III+IV+V+VI+VII+ VIII)	3,805,250
X.	Expected Loss Provisions (-)	1,977,360
XI.	Other Operating Expenses (-)	701,833
XII.	Net Operating Income/(Loss) (IX-X-XI)	1,126,057
XIII.	Excess Amount Recorded as Income After Merger	-
XIV.	Income/Loss From Investments in Subsidiaries Consolidated Based on Equity Method	-
XV.	Income/Loss on Net Monetary Position	-
XVI.	Profit/Loss Before Tax From Continued Operations (XII+...+XV)	1,126,057
XVII.	Tax Provision for Continued Operations (±)	(256,245)
XVIII.	Current Period Profit/(Loss) from Continued Operations (XVI±XVII)	869,812
XIX.	Income from Discontinued Operations	-
XX.	Expenses from Discontinued Operations (-)	-
XXI.	Profit/(Loss) Before Tax From Discontinued Operations (XIX-XX)	-
XXII.	Tax Provision for Discontinued Operations (±)	-
XXIII.	Current Period Profit/Loss from Discontinued Operations (XXI±XXII)	-
XXIV.	Net Profit/Loss (XVIII+XXIII)	869,812

INCOME AND EXPENSE ITEMS		Prior Period
		January 1 - December 31, 2017
I.	Profit Share Income	3,850,986
II.	Profit Share Expense	1,716,773
III.	Net Profit Share Income (I - II)	2,134,213
IV.	Net Fees and Commissions Income	241,002
V.	Dividend Income	-
VI.	Net Trading Income/Expense (Loss)	246,884
VII.	Other Operating Income	230,217
VIII.	Net Operating Income (III+IV+V+VI+VII)	2,852,316
IX.	Provision for Loan Losses and Other Receivables (-)	783,703
X.	Other Operating Expenses (-)	1,219,680
XI.	Net Operating Income/Loss (VIII-IX-X)	848,933
XII.	Amount in Excess Recorded as Gain After Merger	-
XIII.	Gain/Loss on Equity Method	-
XIV.	Gain/Loss on Net Monetary Position	-
XV.	Profit/Loss from Continued Operations Before Taxes (XI+...+XIV)	848,933
XVI.	Tax Charge for Continued Operations (±)	(174,942)
XVII.	Net Profit/Loss from Continued Operations (XV±XVI)	673,991
XVIII.	Income on Discontinued Operations	-
XIX.	Loss from Discontinued Operations (-)	-
XX.	Profit/Loss on Discontinued Operations Before Taxes (XVIII-XIX)	-
XXI.	Tax Charge for Discontinued Operations (±)	-
XXII.	Net Profit/Loss From Discontinued Operations (XX±XXI)	-
XXIII.	Net Profit/Loss (XVII+XXII)	673,991

TÜRKİYE FİNANS KATILIM BANKASI AŞ SUMMARY BALANCE SHEET (TL Thousand)

ASSETS		Current Period December 31, 2018		
		TL	FC	Total
I.	Financial Assets (Net)	2,892,925	10,748,398	13,641,323
II.	Loans (Net)	21,852,257	7,973,534	29,825,791
III.	Assets Held for Sale and Discontinued Operations (Net)	406,616	-	406,616
IV.	Subsidiary Investments	100	-	100
V.	Tangible Assets (Net)	900,166	-	900,166
VI.	Intangible Assets (Net)	88,372	-	88,372
VII.	Investment Property (Net)	-	-	-
VIII.	Current Tax Asset	-	-	-
IX.	Deferred Tax Asset	143,047	-	143,047
X.	Other Assets	859,728	1,187,341	2,047,069
	Total Assets	27,143,211	19,909,273	47,052,484

ASSETS		Prior Period December 31, 2017		
		TL	FC	Total
I.	Cash And Balances with Central Bank	561,303	5,522,898	6,084,201
II.	Financial Assets at Fair Value Through Profit and Loss (Net)	8,371	8,177	16,548
III.	Banks and other Financial Institutions	1,174	306,262	307,436
IV.	Money Market Placements	-	-	-
V.	Financial Assets Available for Sale (Net)	1,753,505	1,975,843	3,729,348
VI.	Loans	21,264,640	4,073,179	25,337,819
VII.	Investments Held to Maturity (Net)	670,528	-	670,528
VIII.	Investments in Associates (Net)	-	-	-
IX.	Investments in Subsidiaries (Net)	100	-	100
X.	Jointly Controlled Entities (Joint Ventures) (Net)	-	-	-
XI.	Lease Receivables (Net)	1,145,634	-	1,145,634
XII.	Derivative Financial Assets Held for Risk Management	147,489	-	147,489
XIII.	Tangible Assets (Net)	819,362	-	819,362
XIV.	Intangible Assets (Net)	66,058	-	66,058
XV.	Investment Property (Net)	-	-	-
XVI.	Tax Asset	47,756	-	47,756
XVII.	Assets Held for Sale and Discontinued Operations (Net)	263,623	-	263,623
XVIII.	Other Assets	361,891	83,104	444,995
	Total Assets	27,111,434	11,969,463	39,080,897

LIABILITIES		Current Period December 31, 2018		
		TL	FC	Total
I.	Funds Collected	10,902,974	15,959,505	26,862,479
II.	Funds Borrowed	4,526,673	7,487,945	12,014,618
III.	Money Market Balances	-	-	-
IV.	Marketable Securities Issued (Net)	-	-	-
V.	Financial Liabilities Valued at Fair Value Through Profit and Loss	-	-	-
VI.	Derivative Financial Liabilities	51,949	374,096	426,045
VII.	Lease Liabilities	-	-	-
VIII.	Provisions	219,547	34,581	254,128
IX.	Current Tax Liability	69,714	-	69,714
X.	Deferred Tax Liability	-	-	-
XI.	Liabilities for Assets Held for Sale and Discontinued Operations (Net)	-	-	-
XII.	Subordinated Debts	-	1,326,515	1,326,515
XIII.	Other Liabilities	1,533,676	242,128	1,775,804
XIV.	Shareholders' Equity	4,386,323	(63,142)	4,323,181
	Total Liabilities	21,690,856	25,361,628	47,052,484

LIABILITIES		Prior Period December 31, 2017		
		TL	FC	Total
I.	Funds Collected	11,164,157	10,866,339	22,030,496
II.	Derivative Financial Liabilities Held for Trading	12,961	14,557	27,518
III.	Funds Borrowed	1,388,134	8,295,545	9,683,679
IV.	Money Market Balances	510,534	-	510,534
V.	Marketable Securities Issued (Net)	-	-	-
VI.	Miscellaneous Payables	565,463	242,039	807,502
VII.	Other Liabilities	230,401	21,545	251,946
VIII.	Lease Payables (Net)	-	-	-
IX.	Derivative Financial Liabilities Held for Risk Management	-	256,796	256,796
X.	Provisions	372,003	56,977	428,980
XI.	Tax Liability	62,510	-	62,510
XII.	Liabilities for Assets Held for Sale and Discontinued Operations (Net)	-	-	-
XIII.	Subordinated Debts	-	960,338	960,338
XIV.	Shareholders' Equity	4,069,860	(9,262)	4,060,598
	Total Liabilities And Shareholders' Equity	18,376,023	20,704,874	39,080,897

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF OFF-BALANCE SHEET (TL Thousand)

STATEMENT OF OFF-BALANCE SHEET		Current Period December 31, 2018		
		TL	FC	Total
A.	Off-Balance Sheet Commitments and Contingencies (I+II+III)	7,593,066	16,682,536	24,275,602
I.	Guarantees and Sureties	4,216,393	3,342,615	7,559,008
II.	Commitments	1,871,543	1,875,149	3,746,692
III.	Derivative Financial Instruments	1,505,130	11,464,772	12,969,902
B.	Custody and Pledged Items (IV+V+VI)	449,350,654	74,159,547	523,510,201
IV.	Items Held In Custody	4,694,504	2,119,017	6,813,521
V.	Pledged Items	444,656,150	71,899,561	516,555,711
VI.	Confirmed Bills of Exchange and Sureties	-	140,969	140,969
	Total Off-Balance Sheet Items (A+B)	456,943,720	90,842,083	547,785,803

STATEMENT OF OFF-BALANCE SHEET		Prior Period December 31, 2017		
		TL	FC	Total
A.	Off-Balance Sheet Commitments and Contingencies (I+II+III)	10,302,708	14,983,551	25,286,259
I.	Guarantees and Sureties	5,894,968	3,870,806	9,765,774
II.	Commitments	2,253,164	1,225,110	3,478,274
III.	Derivative Financial Instruments	2,154,576	9,887,635	12,042,211
B.	Custody and Pledged Items (IV+V+VI)	439,943,500	55,168,769	495,112,269
IV.	Items Held in Custody	4,188,713	2,426,609	6,615,322
V.	Pledged Items	435,754,787	52,684,550	488,439,337
VI.	Confirmed Bills of Exchange and Sureties	-	57,610	57,610
	Total Off-Balance Sheet Items (A+B)	450,246,208	70,152,320	520,398,528

TÜRKİYE FİNANS KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL Thousand)

STATEMENT OF PROFIT OR LOSS		Current Period
		January 1 - December 31, 2018
I.	Profit Share Income	3,937,713
II.	Profit Share Expense	2,191,887
III.	Net Profit Share Income (I - II)	1,745,826
IV.	Net Fees And Commissions Income	126,793
V.	Staff Expenses (-)	(450,587)
VI.	Dividend Income	177
VII.	Trading Income/Expenses (Net)	83,909
VIII.	Other Operating Income	621,806
IX.	Total Operating Income/Expense (III+IV+V+VI+VII+VIII)	2,127,924
X.	Provision For Expected Loss (-)	(1,055,476)
XI.	Other Operating Expenses (-)	(502,998)
XII.	Net Operating Income/Expense (IX-X-XI)	569,450
XIII.	Amount In Excess Recorded As Gain After Merger	-
XIV.	Profit/Loss From Associates Accounted For Using The Equity Method	-
XV.	Gain/Loss On Net Monetary Position	-
XVI.	Profit/Loss On Continuing Operations Before Tax (XII+...+XV)	569,450
XVII.	Tax Provision For Continuing Operations (±)	124,700
XVIII.	Net Period Profit/Loss From Continuing Operations (XVI±XVII)	444,750
XIX.	Income On Discontinued Operations	-
XX.	Expense On Discontinued Operations (-)	-
XXI.	Profit/(Loss) On Discontinued Operations Before Taxes (XVIII-XIX)	-
XXII.	Tax Provision For Discontinued Operations (±)	-
XXIII.	Net Profit/Loss From Discontinued Operations (XXI±XXII)	-
XXIV.	Net Profit/Loss (XVIII+XXIII)	444,750

INCOME AND EXPENSE ITEMS		Prior Period
		January 1 - December 31, 2017
I.	Profit Share Income	2,902,629
II.	Profit Share Expense	1,451,193
III.	Net Profit Share Income (I - II)	1,451,436
IV.	Net Fees and Commissions Income	135,781
V.	Dividend Income	-
VI.	Trading Income/Expenses (Net)	22,124
VII.	Other Operating Income	304,714
VIII.	Total Operating Income/Expense (III+IV+V+VI+VII)	1,914,055
IX.	Provision for Loan Losses and Other Receivables (-)	(580,815)
X.	Other Operating Expenses (-)	(875,598)
XI.	Net Operating Income/Expense (VIII-IX-X)	457,642
XII.	Amount In Excess Recorded as Gain After Merger	-
XIII.	Profit/Loss from Associates Accounted for Using the Equity Method	-
XIV.	Gain/Loss on Net Monetary Position	-
XV.	Profit/Loss on Continuing Operations Before Tax (XI+...+XIV)	457,642
XVI.	Tax Provision for Continuing Operations (±)	(82,282)
XVII.	Net Period Profit/Loss from Continuing Operations (XV±XVI)	375,360
XVIII.	Income on Discontinued Operations	-
XIX.	Expense on Discontinued Operations (-)	-
XX.	Profit/(Loss) on Discontinued Operations Before Taxes (XVIII-XIX)	-
XXI.	Tax Provision for Discontinued Operations (±)	-
XXII.	Net Profit/Loss From Discontinued Operations (XX±XXI)	-
XXIII.	Net Profit/Loss (XVII+XXII)	375,360

VAKIF KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL Thousand)

ASSETS		Current Period December 31, 2018		
		TL	FC	Total
I.	Financial Assets (Net)	1,992,059	5,007,309	6,999,368
II.	Loans (Net)	8,779,246	4,708,744	13,487,990
III.	Assets Held for Sale and Discontinued Operations (Net)	-	-	-
IV.	Subsidiary Investments	4,996	-	4,996
V.	Tangible Assets (Net)	286,945	-	286,945
VI.	Intangible Assets (Net)	22,801	-	22,801
VII.	Investment Property (Net)	-	-	-
VIII.	Current Tax Asset	-	-	-
IX.	Deferred Tax Asset	31,986	-	31,986
X.	Other Assets	117,983	3,443	121,426
	Total Assets	11,236,016	9,719,496	20,955,512

ASSETS		Prior Period December 31, 2017		
		TL	FC	Total
I.	Cash And Balances With The Central Bank	688,967	1,500,870	2,189,837
II.	Financial Assets at Fair Value Through Profit and Loss (Net)	10,889	2,488	13,377
III.	Banks	568	513,766	514,334
IV.	Money Market Placements	-	-	-
V.	Financial Assets-Available for Sale (Net)	668,265	27,335	695,600
VI.	Loans And Receivables	8,589,671	995,835	9,585,506
VII.	Investments Held To Maturity (Net)	-	-	-
VIII.	Investments In Associates (Net)	4,897	-	4,897
IX.	Subsidiaries (Net)	100	-	100
X.	Joint Ventures (Net)	-	-	-
XI.	Lease Receivables (Net)	42,731	46,160	88,891
XII.	Derivative Financial Assets for Hedging Purposes	-	-	-
XIII.	Tangible Assets (Net)	59,131	-	59,131
XIV.	Intangible Assets (Net)	23,589	-	23,589
XV.	Investment Property (Net)	-	-	-
XVI.	Tax Asset	10,141	-	10,141
XVII.	Assets Held for Sale and Assets of Discontinued Operations (Net)	3,000	-	3,000
XVIII.	Other Assets	13,569	8,173	21,742
	Total Assets	10,115,518	3,094,627	13,210,145

LIABILITIES		Current Period December 31, 2018		
		TL	FC	Total
I.	Funds Collected	7,293,824	7,888,582	15,182,406
II.	Funds Borrowed	1,696,275	1,995,064	3,691,339
III.	Money Market Balances	-	-	-
IV.	Marketable Securities Issued (Net)	-	-	-
V.	Financial Liabilities Valued at Fair Value Through Profit and Loss	-	-	-
VI.	Derivative Financial Liabilities	10,588	9,053	19,641
VII.	Lease Liabilities	-	-	-
VIII.	Provisions	133,279	7,922	141,201
IX.	Current Tax Liability	67,187	-	67,187
X.	Deferred Tax Liability	-	-	-
XI.	Liabilities for Assets Held for Sale and Discontinued Operations (Net)	-	-	-
XII.	Subordinated Debts	-	-	-
XIII.	Other Liabilities	298,399	28,113	326,512
XIV.	Shareholders' Equity	1,527,392	(166)	1,527,226
	Total Liabilities	11,026,944	9,928,568	20,955,512

LIABILITIES		Prior Period December 31, 2017		
		TL	FC	Total
I.	Funds Collected	6,827,057	3,261,357	10,088,414
II.	Derivative Financial Liabilities Held for Trading	185	1,670	1,855
III.	Funds Borrowed	882,712	387,942	1,270,654
IV.	Borrowings From Money Markets	370,258	-	370,258
V.	Securities Issued (Net)	-	-	-
VI.	Miscellaneous Payables	227,107	2,149	229,256
VII.	Other Liabilities	-	-	-
VIII.	Lease Payables	-	-	-
IX.	Derivative Financial Liabilities for Hedging Purposes	-	-	-
X.	Provisions	89,202	25,103	114,305
XI.	Tax Liability	27,518	-	27,518
XII.	Liabilities for Assets Held for Sale and Assets of Discontinued Operations (Net)	-	-	-
XIII.	Subordinated Loans	-	-	-
XIV.	Shareholders' Equity	1,107,899	(14)	1,107,885
	Total Liabilities	9,531,938	3,678,207	13,210,145

VAKIF KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF OFF-BALANCE SHEET (TL Thousand)

STATEMENT OF OFF-BALANCE SHEET		Current Period December 31, 2018		
		TL	FC	Total
A.	Off Balance Sheet Commitments (I+II+III)	5,290,596	8,297,999	13,588,595
I.	Guarantees and Sureties	3,468,753	2,155,313	5,624,066
II.	Commitments	408,980	732,956	1,141,936
III.	Derivative Financial Instruments	1,412,863	5,409,730	6,822,593
B.	Custody and Pledged Items (IV+V+VI)	87,100,120	2,485,811	89,585,931
IV.	Items Held in Custody	3,287,567	501,498	3,789,065
V.	Pledged Items	83,812,553	1,984,313	85,796,866
VI.	Accepted Independent Guarantees and Warranties	-	-	-
	Total Off Balance Sheet Accounts (A+B)	92,390,716	10,783,810	103,174,526

STATEMENT OF OFF-BALANCE SHEET		Prior Period December 31, 2017		
		TL	FC	Total
A.	Off Balance Sheet Commitments (I+II+III)	3,230,137	4,769,288	7,999,425
I.	Guarantees And Sureties	2,145,620	1,331,798	3,477,418
II.	Commitments	146,591	821,393	967,984
III.	Derivative Financial Instruments	937,926	2,616,097	3,554,023
B.	Custody And Pledged Items (IV+V+VI)	48,171,619	797,252	48,968,871
IV.	Items Held In Custody	1,598,974	67,613	1,666,587
V.	Pledged Items	46,572,645	729,639	47,302,284
VI.	Accepted Independent Guarantees and Warranties	-	-	-
	Total Off Balance Sheet Accounts (A+B)	51,401,756	5,566,540	56,968,296

VAKIF KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL Thousand)

STATEMENT OF PROFIT OR LOSS		Current Period
		January 1 - December 31, 2018
I.	Profit Share Income	1,718,762
II.	Profit Share Expense	1,105,272
III.	Net Profit Share Income (I - II)	613,490
IV.	Net Fees and Commissions Income	47,797
V.	Staff Expenses (-)	158,191
VI.	Dividend Income	-
VII.	Trading Income/Expenses (Net)	273,036
VIII.	Other Operating Income	22,116
IX.	Total Operating Income/Expense (III+IV+V+VI+VII+VIII)	798,248
X.	Provision for Expected Loss (-)	198,662
XI.	Other Operating Expenses (-)	185,599
XII.	Net Operating Income/Expense (IX-X-XI)	413,987
XIII.	Amount in Excess Recorded as Gain After Merger	-
XIV.	Profit/Loss from Associates Accounted for Using the Equity Method	-
XV.	Gain/Loss on Net Monetary Position	-
XVI.	Profit/Loss on Continuing Operations Before Tax (XII+...+XV)	413,987
XVII.	Tax Provision for Continuing Operations (±)	88,590
XVIII.	Net Period Profit/Loss From Continuing Operations (XVI±XVII)	325,397
XIX.	Income on Discontinued Operations	-
XX.	Expense on Discontinued Operations (-)	-
XXI.	Profit/(Loss) on Discontinued Operations Before Taxes (XVIII-XIX)	-
XXII.	Tax Provision for Discontinued Operations (±)	-
XXIII.	Net Profit/Loss from Discontinued Operations (XXI±XXII)	-
XXIV.	Net Profit/Loss (XVIII+XXIII)	325,397

INCOME AND EXPENSE ITEMS		Prior Period
		January 1 - December 31, 2017
I.	Profit Share Income	699,371
II.	Profit Share Expense	438,122
III.	Net Profit Share Income (I - II)	261,249
IV.	Net Fees and Commissions Income/Expenses	21,177
V.	Dividend Income	-
VI.	Trading Income/Loss (Net)	163,047
VII.	Other Operating Income	11,447
VIII.	Total Operating Income (III+IV+V+VI+VII)	456,920
IX.	Provision For Loan Losses And Other Receivables (-)	89,645
X.	Other Operating Expenses (-)	197,393
XI.	Net Operating Income/(Loss) (VIII-IX-X)	169,882
XII.	Excess Amount Recorded as Gain After Merger	-
XIII.	Profit/(Loss) on Equity Method	-
XIV.	Profit/(Loss) on Net Monetary Position	-
XV.	Profit/(Loss) from Continued Operations Before Taxes (XI+...+XIV)	169,882
XVI.	Tax Provision for Continued Operations (±)	138,132
XVII.	Net Income/(Loss) From Continued Operations (XV±XVI)	-
XVIII.	Income from Discontinued Operations	-
XIX.	Loss from Discontinued Operations (-)	-
XX.	Profit/(Loss) on Discontinued Operations Before Taxes (XVIII-XIX)	-
XXI.	Tax Provision For Discontinued Operations (±)	-
XXII.	Net Profit/Loss from Discontinued Operations (XX±XXI)	-
XXIII.	Net Profit/Loss (XVII+XXII)	138,132

ZİRAAT KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL Thousand)

ASSETS		Current Period December 31, 2018		
		TL	FC	Total
I.	Financial Assets (Net)	1,520,928	2,577,299	4,098,227
II.	Loans (Net)	12,565,543	5,173,882	17,739,425
III.	Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	4,259	-	4,259
IV.	Equity Investments	100	-	100
V.	Property and Equipment (Net)	52,116	-	52,116
VI.	Intangible Assets (Net)	80,396	-	80,396
VII.	Investment Property (Net)	-	-	-
VIII.	Current Tax Asset	-	-	-
IX.	Deferred Tax Asset	49,870	-	49,870
X.	Other Assets	161,719	2,691	164,410
	Total Assets	14,434,931	7,753,872	22,188,803

ASSETS		Prior Period December 31, 2017		
		TL	FC	Total
I.	Cash Balances with the Central Bank of Turkey	305,803	1,337,886	1,643,689
II.	Financial Assets at Fair Value Through Profit and Loss (Net)	33	4	37
III.	Banks	3,320	275,261	278,581
IV.	Money Market Placements	-	-	-
V.	Financial Assets Available for Sale (Net)	516,461	7,712	524,173
VI.	Loans and Receivables	9,656,012	1,718,732	11,374,744
VII.	Investments Held to Maturity (Net)	-	-	-
VIII.	Investments in Associates (Net)	-	-	-
IX.	Investments in Subsidiaries (Net)	100	-	100
X.	Entities Under Common Control (Joint Vent.) (Net)	-	-	-
XI.	Receivables from Leasing Transactions	372,944	-	372,944
XII.	Derivative Financial Assets for Hedging Purpose	-	-	-
XIII.	Tangible Assets (Net)	47,235	-	47,235
XIV.	Intangible Assets (Net)	63,280	-	63,280
XV.	Real Estates for Investment Purpose (Net)	-	-	-
XVI.	Tax Asset	14,093	-	14,093
XVII.	Assets Held for Sale and Assets Held from Discounted Operations (Net)	3,561	-	3,561
XVIII.	Other Assets	27,584	122	27,706
	Total Assets	11,010,426	3,339,717	14,350,143

LIABILITIES		Current Period December 31, 2018		
		TL	FC	Total
I.	Funds Collected	8,248,548	6,902,550	15,151,098
II.	Funds Borrowed	1,391,745	1,970,129	3,361,874
III.	Money Markets Debts	864,414	-	864,414
IV.	Securities Issued (Net)	-	-	-
V.	Financial Liabilities at Fair Value Through Profit or Loss	-	-	-
VI.	Derivative Financial Liabilities	-	-	-
VII.	Finance Lease Payables	-	6,145	6,145
VIII.	Provisions	-	415	415
IX.	Current Tax Liability	117,948	14,016	131,964
X.	Deferred Tax Liability	53,974	-	53,974
XI.	Liabilities For Property and Equipment Held for Sale and Related to Discontinued Operations (Net)	-	-	-
XII.	Subordinated Debt Instruments	-	-	-
XIII.	Other Liabilities	368,202	32,133	400,335
XIV.	Shareholders' Equity	2,218,279	305	2,218,584
	Total Liabilities and Equity	13,263,110	8,925,693	22,188,803

LIABILITIES		Prior Period December 31, 2017		
		TL	FC	Total
I.	Fund Collected	6,345,946	3,678,649	10,024,595
II.	Derivative Financial Liabilities Held for Trading	-	6,280	6,280
III.	Funds Borrowed	977,178	1,629,936	2,607,114
IV.	Money Market Balances	32,462	-	32,462
V.	Marketable Securities Issued (Net)	-	-	-
VI.	Miscellaneous Payables	27,254	8,462	35,716
VII.	Other Liabilities	69,368	1,202	70,570
VIII.	Finance Lease Payables	-	-	-
IX.	Derivative Financial Liabilities for Hedging	-	-	-
X.	Provisions	138,685	3,605	142,290
XI.	Tax Liability	27,435	-	27,435
XII.	Liabilities for Assets Held for Sale and Held from Discontinued Operations (Net)	-	-	-
XIII.	Subordinated Loans	-	-	-
XIV.	Shareholders' Equity	1,403,692	(11)	1,403,681
	Total Liabilities and Equity	9,022,020	5,328,123	14,350,143

ZİRAAT KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF OFF-BALANCE SHEET (TL Thousand)

STATEMENT OF OFF-BALANCE SHEET		Current Period December 31, 2018		
		TL	FC	Total
A.	Off-Balance Sheet Commitments (I+II+III)	4,369,125	8,684,102	13,053,227
I.	Guarantees and Warranties	4,070,241	6,213,201	10,283,442
II.	Commitments	298,884	59,931	358,815
III.	Derivative Financial Instruments	-	2,410,970	2,410,970
B.	Custody and Pledges Received (IV+V+VI)	19,380,896	2,390,013	21,770,909
IV.	Items Held in Custody	1,322,027	752,222	2,074,249
V.	Pledges Received	18,058,869	1,637,791	19,696,660
VI.	Accepted Independent Guarantees and Warranties	-	-	-
	Total Off-Balance Sheet Commitments (A+B)	23,750,021	11,074,115	34,824,136

STATEMENT OF OFF-BALANCE SHEET		Prior Period December 31, 2017		
		TL	FC	Total
A.	Off-Balance Sheet Commitments (I+II+III)	3,274,276	4,234,096	7,508,372
I.	Guarantees and Warranties	3,173,375	2,938,163	6,111,538
II.	Commitments	100,901	31,855	132,756
III.	Derivative Financial Instruments	-	1,264,078	1,264,078
B.	Custody and Pledges Received (IV+V+VI)	12,684,779	946,613	13,631,392
IV.	Items Held in Custody	447,409	252,379	699,788
V.	Pledges Received	12,237,370	694,234	12,931,604
VI.	Accepted Independent Guarantees and Warranties	-	-	-
	Total Off-Balance Sheet Commitments (A+B)	15,959,055	5,180,709	21,139,764

ZİRAAT KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL Thousand)

STATEMENT OF PROFIT OR LOSS		Current Period
		January 1 - December 31, 2018
I.	Profit Share Income	2,090,557
II.	Profit Share Expense	1,319,723
III.	Net Profit Share Income (I - II)	770,834
IV.	Net Fees and Commissions Income/Expense	60,727
V.	Personnel Expense (-)	123,973
VI.	Dividend Income	177
VII.	Trading Income /(Loss) (Net)	57,781
VIII.	Other Operating Income	80,212
IX.	Gross Operating Income (III+IV+V+VI+VII+VIII)	845,758
X.	Expected Credit Loss (-)	256,021
XI.	Other Operating Expenses (-)	175,188
XII.	Net Operating Income/(Loss) (VIII-IX-X)	414,549
XIII.	Excess Amount Recorded as Income After Merger	-
	Income/(Loss) From Investments in Subsidiaries Consolidated Based on Equity Method	-
XIV.	Income/(Loss) on Net Monetary Position	-
XV.	Profit/Loss Before Tax from Continued Operations (XII+...+XV)	414,549
XVII.	Tax Provision for Continued Operations (±)	(91,884)
XVIII.	Current Period Profit/Loss from Continued Operations (XVI±XVII)	322,665
XIX.	Income from Discontinued Operations	-
XX.	Expenses for Discontinued Operations (-)	-
XXI.	Profit/Loss Before Tax from Discontinued Operations (XIX-XX)	-
XXII.	Tax Provision for Discontinued Operations (±)	-
XXIII.	Current Period Profit/Loss from Discontinued Operations (XXI±XXII)	-
XXIV.	Net Income/(Loss) (XVIII+XXIII)	322,665

INCOME AND EXPENSE ITEMS		Prior Period
		January 1 - December 31, 2017
I.	Profit Share Income	981,392
II.	Profit Share Expense	538,306
III.	Net Profit Share Income (I - II)	443,086
IV.	Net Fees and Commissions Income/Expense	30,343
V.	Dividend Income	-
VI.	Net Trading Income	11,556
VII.	Other Operating Income	2,663
VIII.	Net Operating Income (III+IV+V+VI+VII)	487,648
IX.	Provision for Loan Losses and Other Receivables (-)	90,143
X.	Other Operating Expenses (-)	197,531
XI.	Net Operating Income/(Loss) (VIII-IX-X)	199,974
XII.	Amount in Excess Recorded as Gain After Merger	-
XIII.	Gain/(Loss) on Equity Method	-
XIV.	Gain/(Loss) on Net Monetary Position	-
XV.	Profit/(Loss) Before Taxes from Continued Operations (XI+...+XIV)	199,974
XVI.	Tax Provision for Continued Operations (±)	(41,072)
XVII.	Net Profit/(Loss) from Continued Operations (XV±XVI)	158,902
XVIII.	Income from Discontinued Operations	-
XIX.	Loss from Discontinued Operations (-)	-
XX.	Profit/Losses Before Taxes from Discontinued Operations (XVIII-XIX)	-
XXI.	Provision For Income Taxes from Discontinued Operations (±)	-
XXII.	Net Profit/Loss from Discontinued Operations (XX±XXI)	-
XXIII.	Net Profit/Loss (XVII+XXII)	158,902

CONTACT INFORMATION

The contact information of the head offices of participation banks operating in Turkey is presented below.

You can access the contact information of the participation banks for physical and virtual service points in Turkey and abroad by reading the QR code on the browser of your mobile device.



Albaraka Türk Katılım Bankası A.Ş.

Head Office

Dr. Adnan Büyükdeniz Cad. No: 6 34768 Ümraniye/İstanbul/TURKEY
Phone: +90 216 666 01 01
Fax: +90 216 666 16 00
www.albaraka.com.tr



Türkiye Emlak Katılım Bankası A.Ş.

Head Office

Barbaros Mahallesi, Begonya Sok. No: 9A, 34746 Ataşehir/İstanbul/TURKEY
Phone: +90 216 266 26 26
Fax: +90 216 275 25 25
www.emlakbank.com.tr



Kuveyt Türk Katılım Bankası A.Ş.

Head Office

Büyükdere Cad. No: 129/1 34394 Esentepe-Şişli/İstanbul/TURKEY
Phone: +90 212 354 11 11
Fax: +90 212 354 12 12
www.kuveytturk.com.tr



Türkiye Finans Katılım Bankası A.Ş.

Head Office

Saray Mahallesi Sokullu Caddesi No: 6 Ümraniye/İstanbul/TURKEY
Phone: +90 216 676 20 00
Fax: +90 216 676 29 05
www.turkiyefinans.com.tr



Vakıf Katılım Bankası A.Ş.

Head Office

Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi No: 10 Ümraniye/İstanbul/TURKEY
Phone: +90 216 800 55 55
Fax: +90 216 800 55 56
www.vakifkatilim.com.tr



Ziraat Katılım Bankası A.Ş.

Head Office

Hobyar Mahallesi Şeyhülislam Hayri Efendi Caddesi No: 12 Posta Kodu: 34112 Bahçekapı - Fatih/İstanbul/TURKEY
Phone: +90 212 404 10 00
Fax: +90 212 404 10 99
www.ziraatkatilim.com.tr



HEADQUARTERS

Saray Mahallesi Dr. Adnan Büyükdeniz Caddesi Akofis Park C Blok No: 8 Kat: 8 34768 Ümraniye/İstanbul/TURKEY

PHONE: +90 216 636 95 00 (PBX) **FAX:** +90 216 636 95 49 **E-MAIL:** info@tkbb.org.tr

www.tkbb.org.tr