

# Responsibility requires resilience.

PARTICIPATION  
BANKS 2022







**OUR PARTICIPATION  
BANKS ARE  
STRENGTHENING AS  
THEIR ROOTS DEEPEN  
LIKE ANCIENT TREES  
AND THEY BECOME  
MORE INCLUSIVE.**



**OUR PARTICIPATION BANKS ARE ALWAYS PROVING THEIR RESILIENCE IN THE FACE OF A CHALLENGING ECONOMIC CONJUNCTURE AND CONDITIONS THANKS TO THEIR STRONG FOUNDATIONS, KNOW-HOW, FINANCIAL AND MANAGERIAL PROWESS.**



**OLIVE TREE**

The olive tree is one of the most iconic trees of the Mediterranean, known as the immortal tree for its durability and longevity. In our country, the 1,651-year-old olive tree in Kırkağaç, Manisa is one of the registered monumental trees. In addition, many olive trees in the 3,000-year-old Lagina Ancient City in the Yatağan district of Muğla are registered as monumental trees. The oldest among these historical natural assets is 1,501 years old.



**THEY STRENGTHEN AS THEIR ROOTS  
DEEPEN LIKE ANCIENT TREES AND  
INCREASE THEIR INCLUSION.**



**TAXUS TREE**

The Taxus tree is known for its regenerative power and longevity as well as its poison which is used as an active ingredient in medicine. It grows in a wide geographical area extending from Europe to North America and Africa. In our country, the 4,117-year-old taxus tree in the Alaplı district of Zonguldak dates back to the Bronze Age. The tree, which is the oldest known tree in Anatolia, is one of the five oldest trees in the world.







**THEY STRENGTHEN THEIR INDISPENSABLE POSITIONS AS THEY HOLD ONTO THEIR VALUES AND PRINCIPLES. THEY STRENGTHEN THEIR INDISPENSABLE POSITIONS AS THEY HOLD ONTO THEIR VALUES AND PRINCIPLES. THEY CONTRIBUTE TO SOCIAL DEVELOPMENT AND WELFARE WITH THEIR CONTINUOUS SUPPORT TO PRODUCTION AND THEIR SOCIAL FUNCTIONS THEY CONTRIBUTE TO SOCIAL DEVELOPMENT AND WELFARE.**

**THE PLANE TREE**

The plane tree, which attracts attention with its majesty borne from its durability, commanding height and wide trunk, is native to North America, Eastern Europe and Asia. The only species that naturally spreads in Türkiye is the eastern plane tree. Located in Onikişubat, Kahramanmaraş, the 2,280-year-old monument East Plane continues to witness history in all its glory.



**LIKE ANCIENT TREES, THEY FORGE  
A BRIDGE FROM THE PRESENT TO  
THE FUTURE, STRIVING TO BUILD A  
BETTER FUTURE WITH A FOCUS ON  
SUSTAINABILITY.**



**CEDAR TREE**

Mediterranean countries are home to the evergreen cedar, whose wood is hard and strong enough to be used in shipbuilding. In our country, the 2,327-year-old monumental cedar tree in Antalya's Kumluca district is known as "Ambar Tar", because the people in the district obtain tar from the tree, and describe it as "a tree like a warehouse".



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## CORPORATE IDENTITY

**Established in**  
2002

### Members

Participation banks operating in Türkiye

### Chairman

Osman ÇELİK  
Vakıf 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**  
İsmail VURAL

### Auditors

Süleyman SAYGI-İsmail GERÇEK

### Headquarters

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## PARTICIPATION BANKS ASSOCIATION OF TÜRKİYE IN BRIEF

### The umbrella organization of participation banks **TKBB**

is a professional public institution established by the relevant provision of the Banking Law.

The purposes of the TKBB are, 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 growth of the banking system, its healthy functioning, development of the banking profession and improvement of competitive power, to ensure that necessary decisions are taken, implemented and demand to be implemented for the creation of a competitive environment and prevent unfair competition.

According to the legislation, all participation banks operating in Türkiye are required to become members of the TKBB within one month of obtaining an operating license. As of end-2022 six participation banks operating in Türkiye are members of TKBB. By the end of 2022, TKBB has six participation banks as the member institutions.

**TL 891 billion**

The assets entrusted by customers to participation banks increased by 60.1% in 2022.

**Collected funds +60.1%**



**TL 643,8 billion**

The volume of funds allocated by participation banks grew by 74.3% in 2022.

**Funds allocated +74,3%**





## KEY INDICATORS FOR PARTICIPATION BANKING

The global economy continued to struggle with difficult and volatile conditions in 2022 against the backdrop of the war between Russia and Ukraine. Global growth remained under pressure, while the cost of access to finance has risen all over the world.

Six participation banks operating in Türkiye extended their contribution for the uninterrupted functioning of the real economy. They supported the establishment of economic stability and the continuation of growth.

### TL 1,187.6 billion Total assets

In 2022, the total assets of participation banks grew by 65.6%.



### 1,379 Number of branches

The total number of branches of participation banks, with their widespread branch network, increased by 5.2% in 2022.



### 17,868 Number of personnel

The total employment of participation banks increased by 4.2% in 2022.



### TL 84.3 billion Total shareholders' equity

In 2022, the total shareholders' equity of participation banks grew by 132.3%.

### Vision

The Participation Banks Association of Türkiye (TKBB) has the vision to raise the market share of participation banking sector to 15% by 2025 and to make the sector to deliver world-class financial products and services.

### Mission

To ensure a healthy and sustainable development of participation banking in Türkiye, the TKBB's mission as follow:

- Develop and improve product range and service quality
- Improve corporate communication, perception and reputation management
- Improve related activities, human resources and certificate programs
- Develop legislation, standards and regulations related to the principles of participation banking
- Contribute making Istanbul a leading financial center

## Highlights of 2022

- Works focused on achieving the sustainable growth of the participation finance model was carried out.
- Collaborations with universities were accelerated up. Stakeholders were diversified by signing agreements with international institutions.
- Activities continued in close cooperation with regulatory authorities to implement legislation, standards and regulations.
- The Central Advisory Board published the Murabaha Standard, the Suretyship Standard, the Guide on the Trading of Stock Issuance and the Stock Purification Guide, and 26 Advisory Board decisions were published.
- Within the scope of training activities, National and International certification trainings were provided to plenty of stakeholders, especially our member banks.
- Within the scope of the ecosystem development strategy, international ecosystem building activities actively maintained and relations with existing stakeholders were strengthened.
- The participation banking sector was represented in local and international events and programs.



## MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



**Osman ÇELİK**  
Chairman of the Board of Directors

**The market share of participation finance institutions in the banking sector in 2017 stood at 5% in terms of asset size. This market share had increased to 8.3% as end of 2022, with assets of 1.2 trillion.**

**The Participation Finance Strategy Document, which was prepared to position our country as the leader of the participation finance sector, represents an important roadmap.**

I wish Mercy of Allah for the souls of our citizens who lost their lives in the devastating earthquake, with its epicenter in Kahramanmaraş and which was felt in 11 provinces, and I extend my condolences to their loved ones. I ask Allah the Almighty to protect our country and nation from disasters that cause such big grief.

Despite the global turmoil, the ongoing effects of the COVID-19 pandemic and the geopolitical tensions in the past year, Türkiye's economic conjuncture has showed a stable and balanced structure in contrast with the global volatility. The programs developed by the institutions managing the economy for industry, exports and employment contributed positively to the financial performance of our country's real and financial sector players. With the help of the measures implemented, the economy rounded off the year with positive momentum.

The Participation Finance Strategy Document was prepared to position our country as a leader of the participation finance sector. The document represents an important roadmap where the participation finance sector and its institutions determine their goals to contribute to our country's economic stability and success, and have managed to steadily increase their share in the banking sector.

The participation finance sector continued to support the new economy model which was prepared to support the economy's stability and prosperity. In this process, participation finance institutions continued their rise by allocating all their resources to value-added production and the dynamism of the economy.



The market share of Participation finance institutions in the banking sector in 2017 stood at 5% in terms of asset size. This market share had increased to 8.3% as end of 2022, with assets of TL 1.2 trillion. Likewise, competent human resources capacity extended while providing jobs to over 18,000 people in the sector.

The Participation Banks Association of Türkiye (TKBB) attaches importance to the continuation of the sustainable growth in the participation finance model together with sector representatives. We especially strive for the sector to offer world-class financial products and services. We carry out important work and collaborations in the international arena. Within the framework of the memorandum of understanding (MoU) with a wide range of institutions, especially in the Middle East, Africa and the Turkic States within the international ecosystem, we carry out a variety of activities in the form of training sessions, events, seminars and mutual information sharing. We organize online and face-to-face training programs on participation finance principles and banking to more than 18,000 participation banking employee working in our country. Within the scope of the active dialogue we established with the Islamic Development Bank Group (IsDB), which we paid a visit after the earthquake, we discussed on financing and technical support that will contribute to the development of the region affected by the earthquake.

We aim to implement new development programs by increasing the potential of cooperation with stakeholders of the participation finance sector. Developing this synergy and the cooperation mechanisms to be created will enable to increase our digital competency and provide a variety of products that will meet the needs of our customers.

The participation finance sector will continue to work and produce with the awareness of its contribution to the Turkish economy by continuing its investments in the fields of innovation, employment and financial technologies in 2023.

Respectfully,

**We aim to implement new development programs by increasing the potential of cooperation with stakeholders of the participation finance sector.**



## MESSAGE FROM THE SECRETARY GENERAL



**İsmail VURAL**  
Secretary General

### **A Global Economy buffeted by successive crises**

The world economy kicked off 2022 against a backdrop of optimism created by the revival in economic activity as a result of the normalization steps taken after the pandemic. However, this optimism was short-lived as the global economy entered a period of successive crises with the rapidly developing events and volatilities developing on different axes in the first quarter of the year.

The war between Russia and Ukraine broke out at the end of February 2022, leading to steep rises in commodity prices, especially in energy. Initiatives were taken in many countries, especially European Union member countries, to address the issue of energy supply security and produce new solutions. In this process, fluctuations and disruptions in supply chains continued.

These successive crises were combined with the tightening monetary policies implemented by the central banks after the pandemic and were reflected to economies in the form of inflationary pressure, also casting a shadow over expectations regarding global growth.

### **Slowdown in global growth**

Leaving behind the first quarter of 2023, global economic activity has been experiencing a broad-based slowdown which has proved to be sharper than expected. The cost-of-living crisis, tightening financial conditions in most regions and the conjecture following Russia's invasion of Ukraine have all piled heavy pressure on the general outlook.

Global growth is projected to slow from 6.0% in 2021 to 3.2% in 2022, and to 2.7% in 2023, indicating the weakest growth profile since 2001, not counting the global financial crisis and the acute phase of the COVID-19 pandemic.

### **An effective and differentiated policy was implemented in the Turkish economy**

Although the Turkish economy was affected by the developments that suppressed the global economy in 2022, it followed a divergent path from other countries due to the policies implemented in the face of these developments. The liraization and export-oriented growth strategy, which started to be implemented at the end of 2021 continued in 2022. The positive effects of the Central Bank's interest rate cuts in the second half of the year and the FX-Protected Deposit application, which started at the end of last year stood out in this respect. Deposits stood at around TL 1,415 billion as a result of the actions taken by the banking sector in the FX-Protected Deposit transformation, with our participation banks holding TL 194 billion in FX-Protected Deposit accounts at the end of the year, accounting for a 13.7% share of FX-Protected Deposit accounts in the entire banking sector.

### **The performance of participation banking in our country and the development of participation finance in 2022**

As our resilience is tested in the challenging times we are currently experiencing, we place people at the heart of what we do and our inclusion expands further with an awareness of our social responsibilities. We continue to provide resources to the real sector with a focus on production, employment and exports for to promote the healthy and sustainable growth of our economy. The market share of our participation banks in the sector, which stood at 5% in 2017, had risen to 8.3% by the end of 2022, with our asset volume reaching TL 1.2 trillion. With the expansion of our area of inclusion, the volume of disbursed funds has increased by 74.3% to reach TL 643.8 billion, being achieved without compromising the basic principles of risk management. We continue to invest in our traditional distribution channels while developing our digital channels without lagging behind from a technological point of view. At the end of 2022, our sector had 1,379 branches and 17,868 employees. When we look at the developments in recent years, we recognize that we have achieved growth above the sector in 2022.



## **Although the Turkish economy was affected by the developments which suppressed the global economy in 2022, it diverged from other countries thanks to the policies implemented in the face of these developments.**

### **Important steps in the sector**

While the healthy and sustainable development of our sector continues, it has been a year in which significant steps have been taken to implement the legislation and to establish institutions needed within the ecosystem. With the regulation made by Banking Regulation and Supervision Agency (BRSA) regarding digital and service banking, we see that two new participation banks have started their establishment process. We anticipate that this development will provide a significant contribution to the growth and product diversity of the sector with its new banking approach.

The real sector has always been the most crucial stakeholder for participation banks which has the most important mission as directly financing trade, goods and services, and production. Within this context, it was decided to establish Katılım Finans Kefalet A.Ş. (KFK - Islamic Credit Guarantee Fund), which supports the real sector, especially SMEs for accessing required finance. KFK, established in cooperation with the Ministry of Treasury and Finance and our participation banks will provide an invaluable contribution to the growth of the participation finance sector while meeting the guarantee needs of the real sector.

### **Expanding international collaborations**

We continued to expand our international collaborations and develop our comprehensiveness to serve our country's Istanbul International Finance Center (IFC) strategy. In this context, we held plenty of meetings and signed agreements with banking unions and other authorities in countries such as Azerbaijan, Bahrain, Bosnia and Herzegovina, Djibouti, Egypt, Indonesia, Malaysia, Nigeria, Saudi Arabia, Sultanate of Oman, and Qatar. We contributed to the establishment of the Council of Banks Associations of The Turkic States (CBATS) which serve the Türkiye's future vision.

### **Training for development**

Within the scope of training activities, we provided 14 specialized certification trainings and 10 e-learning programs, as well as 5 international certification trainings, in order to contribute to the qualified professional and career development of sector employees. Carried out in line with the development of the cooperation between the Academy and the Sector, we conducted important projects with universities. In addition, we launched our digital education platform primarily for benefit of the employees of our sector. Meanwhile, we brought our digital education platform to the service of the public to promote financial literacy and support all segments of society who want to learn about participation finance.

### **Development of standards in the sector**

After its establishment, the Central Advisory Board continued to develop principles and standards for the participation finance ecosystem. To date, the Board has published four standards - Share Certificate Issuance and Trade, Murabahah, Suretyship and Tawarruq. And took 68 general and special decisions. It is planned to issue standards on Mudarabah, Musharakah and Non-Compliant Incomes with the Principles of Participation Finance and Their Elimination in 2023.

### **Resilience and inclusion**

Considering the global economic crises and its reflection on society alongside the risk situation, the participation finance system aims to support the country's economy nationally and internationally by taking human into centre within the framework of certain principles, and also stands out with its resilience and inclusiveness. Looking at the financial activities developed by the participation finance sector, the fact that they are based on assets and trade is especially significant both in terms of risk management and the measurability of the contribution of finance to the real sector.

It is important for us that all our current and potential customers get an accurate, transparent and inclusive service within the framework of participation principles. At a time where we may feel the effects of the pandemic, natural disasters or financial and economic crises at any moment, institutions have placed priority on resilience, inclusion and sustainability, besides financial performance results. We can claim that the participation finance system, which we have been serving for many years, plays an important role in increasing the welfare of society by providing resilience and inclusion in society with its development and people-oriented activities in all geographical areas, especially in our country's economy. The pandemic once again brought the importance of digitalization and digital technologies into sharp focus. Shifting customer expectations, the need to meet demands and service production and distribution channels, shaping communication policies specifically for the customer segment and bringing in examples of good practice from around the world to our sector through active collaborations are among the success factors behind the stable performance of our banks.

In recent years, investor interest in participation finance has been effective in the development of the real economy, with participation banking gaining rapid momentum. With the principles upon which the participation finance sector is based, participation banking has implemented the "Resilience and Inclusion" functions, especially in times of crisis. Its sustainable finance activities have provided significant contributions to our economy.



## Board of Directors



### **Osman ÇELİK** Chairman of the Board of Directors

Osman Çelik, was born in Erzincan in 1964. He graduated from the Faculty of Economics and Administrative Sciences, Department of Economics at the Middle East Technical University. Between 1986 and 1987, he worked as an economist at the State Institute of Statistics. Between 1988 and 1995, he worked as a Specialist and as Chief Specialist at the Project Assessment and Preparation Department of the Faisal Finance Institution. He continued his duty as the Project and Marketing Manager at İhlas Finance between 1995 and 1999. Between 2000 and 2005, he worked as the Executive Vice President at Anadolu Finance. He took up the positions of Executive Vice President responsible for Loans and Commercial Banking, respectively at the Türkiye Finans Participation Bank between years 2006 and 2015 and as the CEO from June 2015. Mr. Çelik was appointed as the Undersecretary to the Treasury on 29 June 2016. During this period, he also served as Executive Committee Member at Islamic Development Bank and as Türkiye's G-20 Sherpa. He also served as Governor at World Bank, EBRD, Asian Development Bank, Black Sea Trade and Development Bank, Ecobank and Asian Infrastructure Investment Bank and as Executive Committee Member at FSB, Financial Stability Committee, Interest-Free Finance Coordination Board and KOSGEB (Small and Medium Industry Development Organization). Mr. Çelik, who served as Chairman of the Board, Member of the Board and Chairman of the Audit Committee at Turkish Eximbank between 2017 and 2021, has been appointed as a Member of the Board of Directors and Chairman of the Credit Committee at Vakıf Katılım Bankası A.Ş. as of October 2018. Osman Çelik has been appointed as the General Manager of Vakıf Katılım as of 25 March 2022.



### **İlker SIRT KAYA** Deputy Chairman of the Board of Directors

İlker Sirtkaya graduated from Bilkent University Industrial Engineering Department in 2006 and completed Finance Master's program of Warwick University in 2009. He started his career at Garanti Bank as Internal Auditor and continued in this position for 2.5 years. Later, he worked as Corporate Finance Manager at Ünlü&Co for two years, as Project Finance Senior Manager at Odeabank for seven years, and Finance Advisor to the Executive Board at Emlak Konut GYO for two years. In the following years, he worked as the General Manager of Emlak Konut Elevator Systems Industry and Trade Inc. for 1.5 years. As of 16 September 2022, he has been serving as the General Manager and Member of the Board of Directors of Türkiye Emlak Katılım Bankası.



### **Malek Khodr TEMSAH** Member of the Board of Directors

He was born in Beirut, Lebanon in 1981. He received his Bachelor of Business Administration from The George Washington University (Washington D.C., 2003) and completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management (Arizona, 2006). In 2003, he began his career with Bank of America Business Banking in Washington DC followed by his tenure in the Treasury & Capital Markets Department at the London-based European Islamic Investment Bank between 2007 and 2009. In 2010 he joined leading global Islamic bank Al Baraka Banking Group, Bahrain as Vice President of Treasury where he established & oversaw the global sukuk investment portfolios until 2014. He was also a member of the Board of Directors for one of Morocco's first Islamic banks, BTI Bank, between 2017 and 2020, where he served on the Audit and Board Affairs Committees. He has joined Albaraka Türk in 2014 and since 2017, he has been serving as the Assistant General Manager in charge of Treasury, Financial Institutions and Investment Banking Departments. In addition to his aforementioned duty, he has been appointed as the Acting General Manager of Albaraka Türk on 13 October 2021. Temsah who is fluent in English, Arabic, and Turkish; also serves as the member of the Credit Committee.





**Ufuk UYAN**  
Member of the Board of Directors

Born in Eskişehir in 1958, Mr. Uyan graduated from the Economics Department of Boğaziçi University in 1981. He received an MBA degree from the Business Administration Department of the same university in 1983. He began his professional career as a Research Assistant at the Economics Department of Boğaziçi University in 1979 and worked as a Researcher Economist at the Special Researches Department at Türkiye Sınai Kalkınma Bankası 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 Executive Vice President in 1993 and then appointed Head Assistant to the Chief Executive Officer. Mr. Uyan has been the Chief Executive Officer since 1999. Mr. Uyan is also a Member of the Executive Committee, Remuneration Committee, Credit Committee, and Asset-Liabilities Committee of Kuveyt Türk.



**Murat AKŞAM**  
Member of the Board of Directors

Murat Akşam graduated from the Department of Management Engineering at Istanbul Technical University in 1990. He was appointed as a Sales Representative at Beko between 1991 and 1993 and Regional Officer at Ram Dış Ticaret A.Ş. between 1993 and 1997. He started to work as a Credit Representative and Credit Allocation Manager in the Turkish Economy Bank in 1997 where he assumed the roles of Corporate Loans Manager 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 served as the Executive Vice President responsible from Commercial Banking between 2 May 2017 and 24 March 2021. He became a Board Member and the Acting CEO on 21 February 2020. He was appointed as the CEO of Türkiye Finans on 24 March 2021.



**Metin ÖZDEMİR**  
Member of the Board of Directors

Metin Özdemir graduated from the Istanbul University, School of Business Administration in 1990. Metin Özdemir entered his profession in Kuveyt Türk Finans Kurumu A.Ş. (Kuveyt Türk) in 1992 and continued his career as a manager in retail industry starting from 1996. Mr. Özdemir has served as the Member of Municipal Council of Istanbul Metropolitan Municipality between 2004 and 2014. While Mr. Özdemir was working as the Board Member at Ziraat Bank from April 2012 to May 2019, he also carried out the duties of Ziraat Bank Pricing Committee membership and Credit Committee substitute membership. Mr. Özdemir was elected as the Chairman of the Participation Banks Association of Türkiye (TKBB) in May 2018 and served as Chairman till May 2021. Mr. Özdemir, who is serving as the member of the Board at Ziraat Participation Bank since 18 February 2015 was appointed as the General Director of the Ziraat Participation Bank on 12 June 2017.



## ADVISORY BOARD



### **Prof. Dr. Hasan HACAQ** Chairman of the Board

He was born in Espiye, Giresun in 1968. He graduated from Espiye Imam Hatip (Religious) High School in 1986 and the Faculty of Theology at Marmara University in 1990. He began his master's degree education the same year at the Institute of Social Sciences at Marmara University. In 1991, he became a research assistant at Marmara University, Faculty of Theology. In 1993, he completed his master's degree with a thesis called "Rights of Easement and Related Concepts in Islamic Law", and his PhD thesis titled "Analysis of the Concept of Right in Classical Sources of Islamic Law" in 2000. He became an associate professor in 2008 and professor in 2013. Published works: The Effect of the Atomistic Understanding of the Universe on Islamic Law: An Analysis of the Kalam-Fiqh Relationship, The Mind Structure of Arab-Islamic Culture: A Critical Analysis of Information Systems in Arab-Islamic Culture (Translation from Jabiri, with Burhan Köroğlu and Ekrem Demirli)



### **Prof. Dr. Ertuğrul BOYNUKALIN** Deputy Chairman of the Board

Originally from Karaman, he was born in 1966 in Balıkesir. He graduated from Istanbul/Fatih Primary School (Taş Mektep) in 1977. He completed his secondary education, which he started in Istanbul Boys' High School, in Riyadh Islamic Sciences High School in 1985. In 1989, he graduated from Al-Imam Mohammad Ibn Saud Islamic University, Department of Islamic Law. He completed his master's degree with a thesis titled "Peace in Islamic Law" at Marmara University Institute of Social Sciences in 1992, and his PhD in 1999 with a thesis titled "The Problem of Purpose in Islamic Law" at the same institute. He worked as a researcher at the TDV (Türkiye Diyanet Foundation) Centre for Islamic Studies (ISAM) between 1999-2001 and 2005-2012. He became an Associate Professor in 2012 and a Professor in 2018. He started to work as a lecturer in the Department of Islamic Law, the Faculty of Theology at Marmara University on 26 December 2012. Besides articles, papers, and encyclopedia articles; he has published works such as İbn Cerir et-Taberî and his juristic thought; Şemsüleimme es-Serahsî, "Şerhü'l-Câmiî's-sağîr" (critical edition); Ebû Mansûr el-Matûrîdî, Te'vilâtü'l-Kur'ân: Volumes V and VI (critical edition).



### **Prof. Dr. Abdullah KAHRAMAN** Board Member

He was born in 1964 in Bayburt. After completing primary school in Bayburt, he moved to Istanbul with his family. After completing his secondary and high school education at Üsküdar Imam Hatip School, he started the Faculty of Theology at Marmara University in 1987. He graduated from the faculty in 1991. He took private lessons in Islamic sciences before and during his university education and became a hafiz. The same year, he was appointed as a teacher to Kağıthane Imam Hatip School. During his teaching, he started his graduate study at Marmara University Institute of Social Sciences. In 1994, he completed a thesis titled "Exchange Transaction According to Islamic Law", and he started his PhD studies at the same institute immediately. While continuing teaching, he was appointed as a Research Assistant to the Department of Islamic Law at the Faculty of Theology of Cumhuriyet University in 1994, and completed his PhD in 1997 with a thesis titled "Contract of Surety According to the Islamic Law of Obligations and Its Current Practice". He was appointed as an Assistant Professor in 1998, Associate Professor in 2003, and Professor in 2008. He is married and has six children and still works as a lecturer at Marmara University Faculty of Theology. He also works as the Dean of Kocaeli University Faculty of Theology. He worked as a visiting lecturer and administrator at Baku State University for three years (2004-2007). He speaks Arabic and English.



### **Prof. Dr. Soner DUMAN** Board Member

Originally from Taşköprü, Kastamonu, he was born in Istanbul in 1975. He started the Marmara University Faculty of Theology in 1993. After his graduation in 1998, he started his master's degree at Marmara University Institute of Social Sciences in Islamic law in the same year. He completed his master's degree in 2000 and his PhD in 2007. Between 2000 and 2011, he worked as a religious culture and ethics teacher at various high schools under the Ministry of National Education. In 2011, he started to work as a lecturer at Sakarya University Faculty of Theology, Department of Islamic Law. He became an Associate Professor at the same university in 2014 and a Professor in 2019. He is still working as the Head of the Department of Islamic Law and lecturer at the same university. He also gives lectures in the Department of Islamic Economics and Finance at the same university. He has many books, articles and papers, and translations in his field. He is married and has three children.





**Prof. Dr. Ahmet YAMAN**  
Board Member

He was born in Konya. He graduated from Antalya Imam Hatip School (1985), Marmara University Faculty of Theology (1989), and Religious Affairs Administration Istanbul Haseki Education Centre (1992). He served as a hatip and preacher for a while. He completed his master's (1991) and PhD (1996) in the field of Islamic Law at Marmara University. He became an associate professor in 1999 and a professor in 2005. He worked as a lecturer and administrator at Selçuk University Faculty of Theology (Konya) between 1992-2010. He served as the Founding Dean of Akdeniz University Faculty of Theology (Antalya) in 2010-2013. Following the establishment of this faculty, he returned to his former school, which was renamed as Necmeddin Erbakan University. During these years, he was elected as a member of the Religious Affairs High Board of Presidency of Religious Affairs of Türkiye in 2011. He was re-elected to this post in 2015. He is still (May 2018) a member of the Religious Affairs High Board of Presidency of Religious Affairs of Türkiye and a lecturer at Necmeddin Erbakan University, Faculty of Theology, Department of Islamic Law.



**Temel HAZIROĞLU**  
Board Member

Temel Hazıroğlu was born in 1955 in Trabzon. He settled in Istanbul with his family and completed his primary and secondary education there. He graduated from Kabataş Boys' High School. He graduated from Istanbul Technical University, Department of Mathematical Engineering. He completed his master's degree at Istanbul Sabahattin Zaim University, Department of Business Administration. He worked as a Programmer, System Analyst, and IT Manager Assistant in Türkiye Emlak Bankası. Between 1986-1991, he worked as an Information Technologies Manager at Albaraka Türk. He was the founding manager of Albos, which is the first interest-free banking automation system in Türkiye. He worked as a free trader and a consultant during 1992-1995. In 1996, he started to work at Albaraka Türk again as the Information Technologies Manager and Assistant Manager of Personnel and Administrative Affairs. In 2003, he became the Deputy General Manager of Albaraka Türk. From 2003 to April 2018, he worked as the Deputy General Manager responsible for Information Technologies, Human Values, Education and Organization, Finance and Strategy. He still continues to be an Advisory Board Member of the Participation Banks Association of Türkiye (TKBB) since he was elected in May 2018. Hazıroğlu has been teaching as a guest lecturer to graduate students at Marmara University Institute of the Middle East and Islamic Countries Studies since 2016. He is doing a PhD in sociology. Hazıroğlu gave conferences and seminars in many universities, high schools, foundations, associations, and organizations. He attended many symposiums and panels as a speaker. He worked in various foundations, associations, and organizations. His articles and papers about the current political, economic, and social structure have been published in various journals and newspapers. He has four books published called "İnsan ve Gerçek", (Human and Truth) "Yeni Arayış ve İleri Demokrasi Fikrinin Doğuşu", (The New Quest and the Birth of the Concept of Advanced Democracy) "Katılım Ekonomisi", (Participation Economics) and "Yüceliş" (Exaltation). Temel Hazıroğlu is married and has three children.



**Assoc. Prof. Abdurrahman SAVAŞ**  
Board Member

He was born in Konya in 1972. He completed his primary, secondary, and high school education in Istanbul. He graduated from Istanbul University, Faculty of Law in 1994. He completed his law internship in 1995. In 1998, he started to work as an assistant in the Roman Law Department at Selçuk University, Faculty of Law. The same year, he completed his master's degree with a thesis called "Agency Contract in Roman and Turkish Laws", and his PhD dissertation "Contracts Made on the Internet and Their Legal Consequences" in 2005. In 2006, he became a lecturer at Selçuk University Faculty of Law, Roman Law Department, and after a while, he became the head of the department. In 2010, he was appointed as the Deputy Director of Selçuk University, Faculty of Law, Justice Vocational School. In 2011, he conducted Roman Law courses at Istanbul University, Faculty of Law. In 2012, he started to work as the Head of the Roman Law Department at Istanbul University, Faculty of Law. In 2014, he was appointed as the Deputy Director of Istanbul University, Faculty of Law, Justice Vocational School. He has works in the fields of Roman Law, Information Technology Law, Civil Law, and Islamic Law. The Invalidity of Marriage in Islamic and Turkish Law, A Comparative Study on Hittite Roman Islamic and Jewish Laws, Obligations of Parties in Internet Banking, Electronic Testament, and Neighborhood Law from History to Present are some of his other works. Abdurrahman Savaş, who speaks English, German and Arabic, is married and has three children.



## GENERAL SECRETARIAT

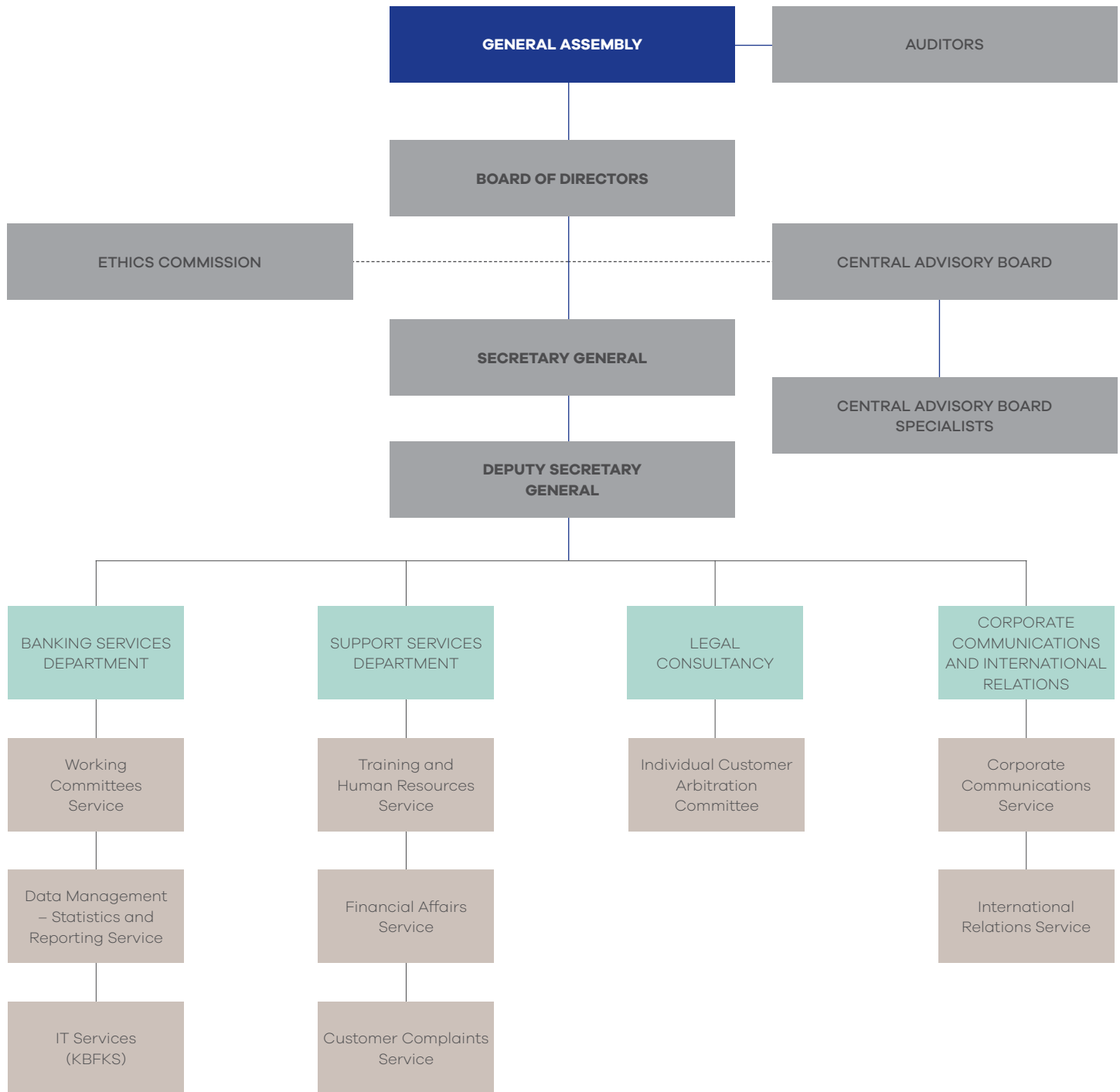


### **İsmail VURAL** **Secretary General**

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 Marketing Department as Assistant Specialist in 1997 and after his resignation in 1999, he served at various posts in Türkiye Finans as Marketing Specialist, Marketing Manager, Branch Manager, Recruitment and Planning Manager. He was appointed as Executive Vice President in charge of Retail Banking on 21 July 2016 and continued to serve in this position until 17 March 2017. İsmail Vural, who started his duty as the Deputy Secretary General of the Participation Banks Association of Türkiye in February 2018, continued his duty as the Acting Secretary General between February 2022 to March 2023. Mr. Vural has been appointed as the Secretary General of TKBB in April 2023.



# ORGANIZATION CHART





## RESILIENCE, INCLUSION AND ISLAMIC FINANCE



**Islamic finance has become successful by emerging stronger from almost every crisis.**

Islamic finance has proven its resilience to cyclical adversities due to the nature of its services and instruments. Islamic banks have demonstrated this resilience by overcoming every crisis, especially the 2008 global financial crisis, with minimal impact. The main reason why Islamic financial institutions are less affected by crisis conditions is that all cash flows are tied to real assets in the economy. This means that it is very difficult to reach unsustainable levels of debt. These principles protect Islamic financial institutions from the risks faced by many traditional banks, especially in times of crisis.

In 2021, the system quickly recovered from the initial shocks of the pandemic, soon returning to a path of growth thanks to the recovery in economies and the system's own strong dynamics. The year 2022 was marked by rising rates of inflation around the world triggered by geopolitical risks. Global growth was suppressed by aggressive interest rate hikes and decreased liquidity. A scenario of more persistent high inflation in the global economy could precipitate a further tightening of financial conditions in the coming period, leading to a slowdown in the economic recovery.

Despite all these negativities, the strong growth trend in Islamic finance has been reinforced by robust demand for the system. Digitalization and the increasing and active involvement of Islamic finance in the fintech ecosystem has further consolidated its growth trend.

Islamic finance is a responsible, ethical, sustainable financial system that offers protection against shocks. Islamic financial institutions offer wide range of financing instruments that can benefit any group, from underdeveloped countries to advanced policymakers.

Financing equipment, resources



**Islamic financial institutions offer wide range of financing instruments which can benefit any group, from underdeveloped countries to advanced policymakers.**



Sukuk is as an alternative public and corporate borrowing instrument for fundraising. Sukuk is strengthening its presence as an important instrument, especially for governments, to finance budget deficits, infrastructure and mega projects and other economic development programs. For example, sukuk has an important place as a long-term financing source in financing the projects for the 2030 Vision reform plan, which aims to reduce Saudi Arabia's dependence on oil revenues. GCC member states are taking advantage of the strong global appetite for sukuk in order to finance widening budget deficits as oil revenues decline. Although inflationary pressures are having a negative effect on sukuk by increasing indicator rates and putting pressure on the financing costs, budgetary pressures in key Islamic financial markets will also have a positive impact on the increase in sukuk demand in the coming period.

Thanks to the trend to green and ESG (Environmental, Social, Governance) sukuk, the strengthening of Saudi Arabia's presence in the sukuk market, the rise of Africa in sukuk and the emergence of new players in the market, the sukuk market is expected to boost even more.

Sustainability-themed bonds and sukuk, especially green sukuk, will expand in parallel with the increase in financing needs of green projects as companies implement their decarbonization plans. Overall, global risks present potential downside scenarios. However, the Islamic capital market is expected to remain relatively resilient under adverse conditions, when the basic principles of Islamic Law, which reduce exposure to speculative and riskier segments of the financial market, are taken into account.

Inclusive standardization remains an important area requiring improvement, especially in terms of the development of Islamic finance products and services and the structural strengthening of the sector.

and other production resources through trade finance is a key mechanism through which Islamic banks and financial institutions are able to support the recovery. Social sukuk and impact investing – private investment that prioritizes businesses with a social impact – is another important tool. In this context, aligning financing activities with the Sustainable Development Goals (SDGs) presents another important opportunity for Islamic banks. Trade credit insurance solutions, as provided by the The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), are a notable option for maintaining the flow of trade.

Demand for interest-free products and services is also growing outside its core markets and regions where Muslims are minority, with Islamic finance in a process of strong development.

Important developments in North Africa and Central Asia, where Islamic banking and takaful lead the growth, and the strong growth in non-banking financial institutions, especially fintechs, will contribute significantly by increasing the sectoral inclusion of Islamic finance.



## RESILIENCE, INCLUSION AND ISLAMIC FINANCE

**Financial inclusion is of critical importance to realize a higher standard of living and the concept of “shared prosperity”. It overlaps with the basic principles of Islamic finance and grows even stronger.**

Comprehensive standardization remains one of the important areas where improvement needs to be made especially in terms of the development of Islamic finance products and services and the structural strengthening of the sector.

The attainment of Islamic finance with a set of global standards accepted by all stakeholders will consolidate its place in the global financial ecosystem. In this respect, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is one of the most effective organizations in the determination and implementation of Islamic financial standards. The AAOIFI determines the standards and rules in the areas of accounting, auditing, governance and ethics in order to develop the activities of Islamic financial institutions in these areas by taking international standards and practices into account in accordance with the rules of Islamic law, thereby improving the quality and uniformity of implementations.

The Ministry of Finance of the United Arab Emirates (UAE), the Islamic Development Bank (IsDB) and the Dubai Islamic Economics Development Center (DIEDC) recently established a partnership to create a permanent solution in standardization and develop an international legal framework for Islamic finance.

The focus of the framework under development is to accelerate the growth of the Islamic financial sector and reduce disparities in worldwide practice. The partnership is expected to achieve significant progress in standardization, especially in the field of sukuk, by taking into account the needs of regulators, sukuk issuers and investors. Sukuk is expected to become more prevalent by becoming comparable to traditional instruments in terms of cost and process.

In Türkiye, Standardization activities is carried out by Central Advisory Board under the umbrella of the Participation Banks Association of Türkiye (TKBB). The Board is the central advisory board authorized to determine the principles and standards of participation finance in Türkiye. The decisions and standards of the Board are binding for participation banks. When deemed necessary, the Advisory Board takes general decisions in order to eliminate differences in practice between participation banks. Upon the request, the Board provides opinions to public institutions and organizations, professional organizations that has the status of public institutions and other institutions within the scope of interest-free finance activities. The Board has four published standards - Share Certificate Issuance and Trade, Tawarruq, Murabahah and Suretyship standards. In addition, the Mudarabah, Non-Compliant Incomes with the Principles of Participation Finance and Their Elimination, Musharakah, Wakalah and Investment Wakalah Standards currently in the process of preparation. The Advisory Board has so far made 68 decisions.

**An increasingly evident social role of the Islamic financial system combined with accessibility opportunities offered by fintechs are strengthening inclusion.**

Financial inclusion is an integral part of at least seven of the 17 United Nations (UN) Sustainable Development Goals, which is an internationally recognized plan to achieve a better and more sustainable future for all.

- No Poverty
- Zero Hunger
- Good Health and Well-Being
- Quality Education
- Gender Equality
- Decent Work and Economic Growth
- Better Industry, Innovation and Infrastructure

Financial inclusion is of critical importance in realizing a higher standard of living and the concept of “shared prosperity”. This goal overlaps with the basic principles of Islamic finance and has grown even stronger.





**The economic and social turmoil experienced during the pandemic brought Islamic finance to a new threshold in terms of inclusion.**

Depending on the financial inclusion of Islamic social finance instruments and their role in meeting the needs of society, the combined effect of ethical values and Islamic finance has begun to be felt more strongly than ever before.

During the pandemic, Islamic financial institutions stepped up their process of digitalization and expanded the scope of their digital services. At the same time, they increased their support to those whose financial strength was adversely affected

**The role of Islamic social finance instruments in meeting financial inclusion and the needs of society is increasingly understood. Its importance in the development of this financial ecosystem is increasing.**

through the provision of Islamic social finance tools.

In the core markets of the Middle East in particular, It is observed how Islamic traditions Islamic traditions and interest-free finance practices are intertwined with the emerging environment of financial inclusion. Islamic finance offers a set of financial instruments based on risk sharing rather than risk transfer in the financial system. Islamic finance promotes widespread access to funds in two alternative ways; providing interest-free financing through microfinance (issuing "risk sharing agreements") and providing a means of redistribution of income in order to help reduce poverty (zakat).

These practices support the flow of capital through various strata of the economy independently and beneficially. They therefore ease the difficulties faced by those who are financially vulnerable with the help of the more affluent segments of society. In doing so, Islamic finance offers a potential model for financial inclusion that will spread over a social base at the community level worldwide.

Fintechs play an important role in the development of the sector by improving access to financial services and transforming Islamic social finance. The financial inclusion

offered by Fintechs allows segments unable to receive adequate financial services to be reached. The opportunities which financial inclusion brings in terms of the future of global Islamic finance also brings about the gradual expansion of the target audience of the system.

Islamic social finance instruments serve the environmental, social, governance (ESG) objectives and exhibit the social aspect of Islamic Law Goals (Maqasid al-Shari'ah). The role of Islamic social finance instruments in meeting financial inclusion and needs is becoming increasingly understood, while its weight in the development of this financial ecosystem is also increasing.

The momentum brought by ESG and foundation funds has also attracted attention in the capital markets. The steady increase in the number of fintech companies offering Islamic social finance solutions, such as foundations, charity and zakat signals that these products will serve as an important source of leverage for the system.





## THE WORLD ECONOMY



**Challenges such as rising inflation in many countries, tightening fiscal conditions, the ongoing war between Russia and Ukraine and the resurgence in Covid-19 cases in China continued to cast a shadow over the global economic outlook throughout the year.**

### **Global Growth**

Challenges such as rising inflation in many countries, tightening fiscal conditions, the ongoing war between Russia and Ukraine and a renewed surge in the number of Covid-19 cases in China continued to suppress the global economic outlook throughout the year. Pandemic-related support packages were rolled back, while inflation reached levels not seen for several decades. This precipitated a tightening in monetary policies at a global level and a decline in households' purchasing power. As a result, global economic activity suffered a much sharper slowdown than expected.

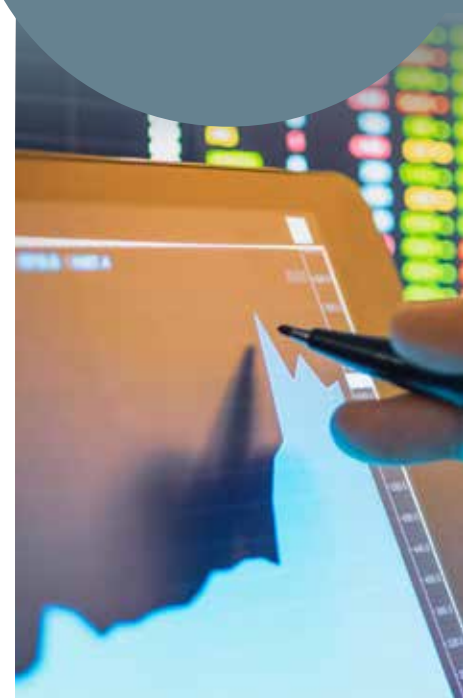
As the conflict between Russia and Ukraine dragged on with the resulting disruptions in regional supply chains, rising energy prices led to increased input costs. Although the negative

effects of the Covid-19 pandemic eased in most countries, economic activity continued to weaken, especially in China.

Taking these two factors into account in particular, the IMF revised its 2022 growth forecasts for the global economy and developed countries upward, and its forecasts for developing countries downwards in its Global Economic Outlook Report update published in January 2023, announcing a global growth forecast of 3.4% for 2022 while projecting growth of 2.9% for 2023 and 3.1% for 2024.

The IMF cited the downward trend in prices of oil and other commodities since October 2022 and the increase in central bank interest rates as the basis of these forecasts.

**The global economy continued to face number of challenges in 2022.**





# 3.4%

## Global Growth Forecast

The IMF forecasted global growth of 3.4% for 2022 in its update of the Global Economic Outlook Report published in January 2023.

On the other hand, in its March 2023 dated economic outlook report, the OECD predicts that global growth will remain below expectations with growth of 2.6% in 2023 and 2.9% in 2024, with the impact of tightening policies continuing. However, the OECD expects a gradual recovery until 2023-24 as the impact of high inflation on incomes diminishes.

The OECD report also predicts that GDP growth in the USA will slow to 1.5% in 2023 and 0.9% in 2024 as monetary policies diminish demand pressure. Eurozone growth is expected to come in at 0.8% in 2023 before improving to 1.5% in 2024 as the effects of high energy prices ease. Growth in China is expected to rise to 5.3% in 2023 and to 4.9% in 2024.

**In the economic outlook report published by the OECD in March 2023, the rate of annual GDP growth in the USA is expected to slow to 1.5% in 2023 and 0.9% in 2024 as monetary policies start to squeeze demand.**

### Growth in the World Economy (2021-2024) (%)

	Realization	Forecast		Projection
	2021	2022	2023	2024
<b>World Output</b>	<b>6.2</b>	<b>3.4</b>	<b>2.9</b>	<b>3.1</b>
Advanced Economies	5.4	2.7	1.2	1.4
USA	5.9	2.0	1.4	1.0
Europe (Eurozone)	5.3	3.5	0.7	1.6
Germany	2.6	1.9	0.1	1.4
France	6.8	2.6	0.7	1.6
Italy	6.7	3.9	0.6	0.9
Spain	5.5	5.2	1.1	2.4
Japan	2.1	1.4	1.8	0.9
United Kingdom	7.6	4.1	-0.6	0.9
Canada	5.0	3.5	1.5	1.5
Other Advanced Economies	5.3	2.8	2.0	2.4
Developing Economies	6.7	3.9	4.0	4.2
Developing Europe	6.9	0.7	1.5	2.6
Russia	4.7	-2.2	0.3	2.1
Developing Asia	7.4	4.3	5.3	5.2
China	8.4	3.0	5.2	4.5
India	8.7	6.8	6.1	6.8
Middle East and North Africa	4.5	5.3	3.2	3.7
Latin America	7.0	3.9	1.8	2.1

Source: IMF World Economic Outlook, January 2023



## THE WORLD ECONOMY

### Global Trade

#### Inflation and trade volumes affected by volatility in commodity prices in 2022.

Geopolitical tensions, inflation, prices of energy and other commodities and the continuing effects of Covid-19 were among the main factors affecting trade and manufacturing activities in 2022. Last year also witnessed some of the highest levels of inflation since the 1980s, as a result of sharp movements in commodity prices and the appreciation of the USD.

According to the "Global Trade Outlook and Statistics" report, published by the World Trade Organization (WTO) in 2023, growth in trade volume was slower than expected in 2022 at 2.7%, though nevertheless still stronger than some of the worst-case scenarios which were circulating in the early days of the Russia-Ukraine war.

The report cited the increase in global commodity prices, especially in the fourth quarter of 2022, as the most striking factor behind the decrease in trade volume, along with various other factors. Although food and energy prices declined from their war-time peak in the fourth quarter, they nevertheless remained high by historical standards, continuing to erode real incomes and import demand. The impact of energy prices peaked during the winter months in Europe as Russia cut off gas supplies. The effects of high wheat and other grain prices were also felt in the Middle East and African countries, which had relied heavily on imports from Ukraine and Russia.

According to the WTO report, the value of the global commodity trade expanded by 12% to USD 25.3 trillion in 2022, partly as a result of high global prices. Meanwhile, the trade in global services amounted to USD 6.8 trillion, growing by 15%. Digital services exports ended the year at USD 3.82 trillion.

#### Growth in Global Commodity Trade Volume (2021-2024) (%)

(Average growth rate in the world import and export volumes)

	Realization		Forecast	
	2021	2022	2023	2024
<b>World Commodity Trade Volume</b>	<b>9.4</b>	<b>2.7</b>	<b>1.7</b>	<b>3.2</b>
<b>Export</b>				
North America	6.5	4.2	3.3	3.1
South America	5.8	1.9	0.3	0.6
Europe	8.1	2.7	1.8	2.0
CIS	-3.0	-4.9	2.8	2.2
Africa	3.5	0.7	-1.4	1.4
Middle East	-2.4	9.9	0.9	4.7
Asia	13.1	0.6	2.5	4.7
<b>Imports</b>				
North America	12.5	6.0	-0.1	1.4
South America	25.6	4.2	-1.6	2.3
Europe	8.5	5.2	-0.6	1.8
CIS	9.1	-13.5	14.9	0.8
Africa	6.4	5.6	5.6	5.5
Middle East	8.3	9.4	5.5	4.3
Asia	10.5	-0.4	2.6	5.2

Source: WTO 2023 Global Trade Outlook and Statistics

### Commodity and Oil Prices

#### Energy and commodity prices ease back from their critical peak in 2022.

In addition to the volatile course of global economic activity, the simmering tensions between Russia and Ukraine broke out into a full blown conflict at the end of February, sparking a surge in commodity prices, notably in food and energy, especially in the first half of 2022 and exacerbating inflationary pressures. With Russia being one of the biggest players in the global commodity and energy market, the sanctions imposed against Russia due to the war led to an energy crisis which affected the world, especially Europe.

In the second half of the year, however, there was no significant disruption in the supply of commodities despite geopolitical developments, with attention instead

turning to global recession as major central banks took tightening steps in their monetary policies. With fears of an impending global recession, commodity prices came under pressure once again.

Prices of Brent crude oil, which averaged USD 70/barrel in 2021, increased by 3.5% between February and August 2022, reaching USD 120/barrel at the beginning of March after Russia's invasion of Ukraine. As well as tight supply-demand balances, the high prices also reflected the fears of disruption to oil exports in this period with the Organization of the Petroleum Exporting Countries (OPEC) and other producers remaining unresponsive to calls to raise production, maintaining their decision to reduce oil production by 2 million barrels per day until the end of 2023.







## THE WORLD ECONOMY

**Gold prices rounded off December 2022 at USD 1,824/oz, marking an increase of 3.2% and ending the year 1.5% higher than at the beginning of the year.**

The decision by the EU to impose a ceiling on prices of Russian oil, taken in December 2022, and mounting uncertainties over global economic activity, took prices of Brent crude oil to the lowest levels seen during the year, at USD 75/barrel.

However, geopolitical concerns have become heightened with Russia raising the specter of nuclear conflict, and China's loosening of pandemic restrictions raised expectations that global oil demand could increase, driving oil prices higher again. As a result, oil prices increased by an average of 39.8% in 2022.

Gold prices soared on the back of mounting geopolitical tensions in the first quarter of 2022 before dropping back amid the tightening steps taken by central banks in the following period. Gold prices rounded off December 2022 at USD 1,824/oz, marking an increase of 3.2% and ending the year 1.5% higher than at the beginning of the year.

### Commodity Market Developments

#### Commodity Price Index and Future Forecast<sup>1</sup>

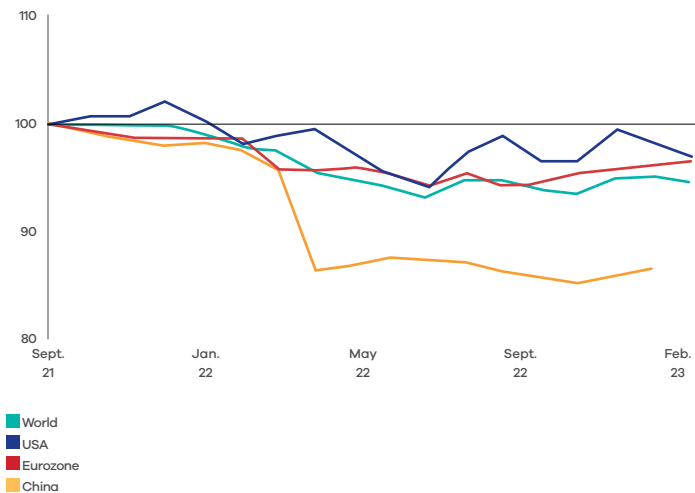
(2016 = 100)



Source: IMF World Economic Outlook, October 2022

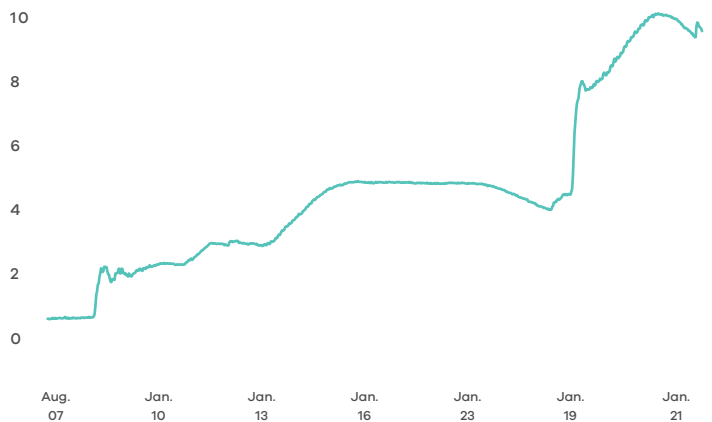
### Consumer Confidence

(September 2021 = 100)



Source: ECB

### Federal Reserve Balance Sheet Volume, USD trillion

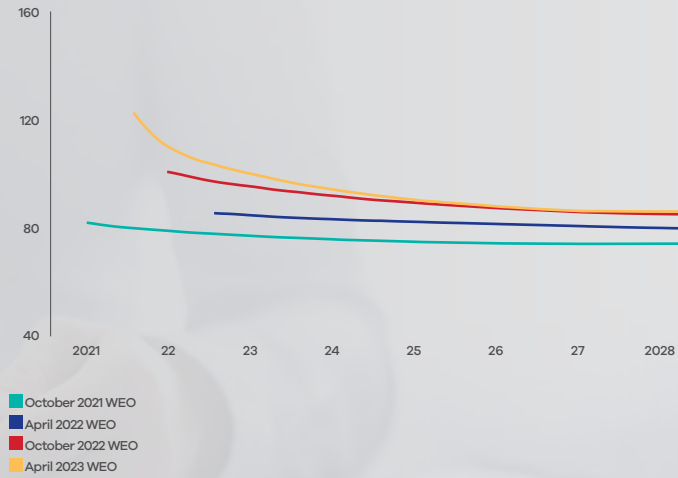


Source: Fed, Statista



### Brent Futures (Derivative) Price Curve<sup>2</sup>

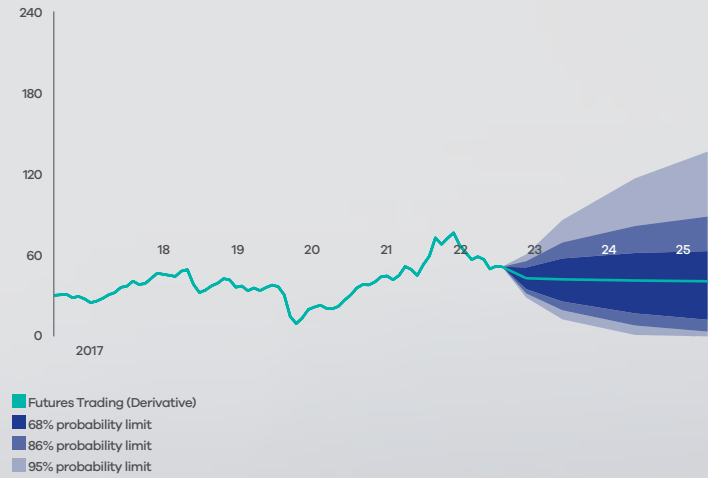
(USD/Barrels, days to maturity x axis)



Source: IMF, WEO

### Brent Price-Medium-Term Outlook<sup>3</sup>

(USD/Barrel)



Source: IMF, WEO

Sources: Bloomberg Finance L.P.; IMF Primary Commodity Price System; Kpler; Refinitiv Datastream; and IMF staff calculation.  
 Note: "N/A" WEO = World Economic Outlook.

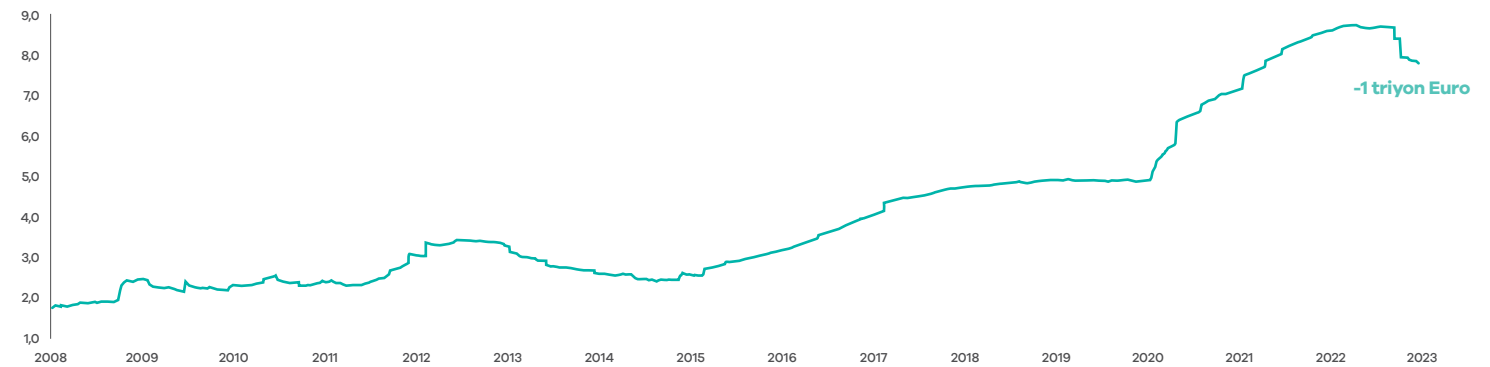
<sup>1</sup> Deflated using the US consumer price index (CPI). The last realized value was applied to the forecast period. Dashed lines refer to the forecast period from 2023:Q1 to 2024:Q4.

<sup>2</sup> WEO futures prices are baseline assumptions for each WEO report and are derived from futures prices. April 2023 WEO prices are based on 17 March 2023, closing.

<sup>3</sup> Derived from prices of futures options on 17 March 2023.

### European Central Bank Balance Sheet Volume, Euro trillion

(September 2021 = 100) Euro trillion



Source: ECB

# THE WORLD ECONOMY

## Global Inflation

**Although significant progress has been achieved in many countries in tackling with global inflation, it continues to remain high.**

In 2021, inflation started to rise more rapidly and persistently than expected all over the world, and in 2022 inflation in developed economies reached its highest levels since 1982. Although inflation is a broad concept that affects most economies in the world, its impact is disproportionately felt among low-income groups in developing economies. In these countries, where almost half of the household consumption expenditures are food, inflation has a significant impact on human health and living standards.

Headline consumer price inflation and core inflation, excluding food and energy, remained well above the targets set by countries' central banks in 2022. However, the headline rate of inflation started to decline in most economies later in the year, primarily on the back of an easing in energy and food prices.

There were significant discrepancies in rates of inflation between countries in 2022, with inflation remaining relatively low in some Asian economies, including China and Japan. The decline in the headline rate of inflation was also reflected to household and market-based inflation expectations in leading developed economies. The fall in commodity prices, especially in the energy group, the partial resolution of supply issues and a decline in transportation costs were all effective in the fall in inflation. In addition, the implementation of the energy ceiling price regulation served to limit price increases in the UK and the Eurozone.

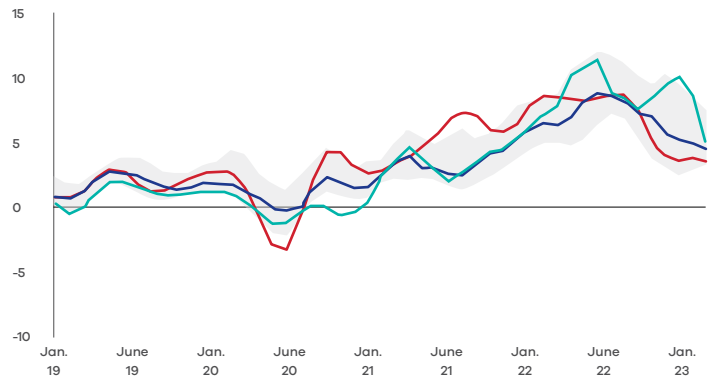
In the USA, consumer prices fell in December for the first time since May 2020. The smallest increase in food prices for 21 months strengthened expectations that the downward trend in inflation would continue. In the USA, the annual rate of Consumer Price Index (CPI) inflation stood at 6.5% while producer price inflation also declined more than expected in December, due to an easing of energy and food related pressures, to its lowest level since March 2021.

After reaching a historical peak of 10.6% in October, the annual rate of inflation in the Eurozone decreased for the first time in a year and a half in November to close the year at 10%, with energy prices accounting for the highest contribution to inflation.

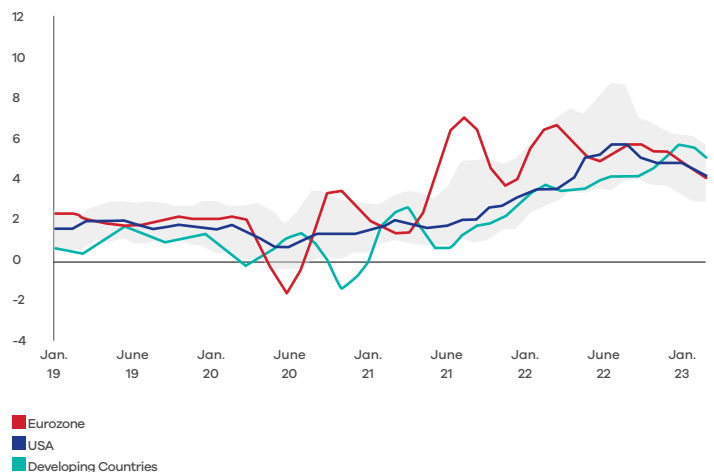
**In 2021, inflation started to rise more rapidly and persistently than expected all over the world, and in 2022 inflation in developed economies reached its highest levels since 1982.**

## Inflation

### 1. Core Consumer Price Inflation (CPI)



### 2. Core Consumer Price Inflation (CPI) Expectations



■ Eurozone  
■ USA  
■ Developing Countries

Source: Consensus Economics, Haver Analytics, IMF staff calculation.



**Global Monetary Policies**

**Aggressive interest rate hikes by central banks raise concerns of recession.**

Major central banks, especially the Fed and the ECB, initiated a round of monetary tightening and interest rate hikes aimed at tackling inflation. This initially suppressed growth in developing countries, while raising fears of a recession in developed countries as the fallout of the war between Russia and Ukraine affected the global economy.

The US Federal Reserve (Fed) raised interest rates by 425 basis points in 2022 to a range of 4.25%-4.50%, the highest level since 2007. The Fed slowed down the pace of rate hikes in its December 2022 meeting. Backed by a limited improvement in inflation, the Fed is expected to continue its process of rate hikes in 2023.

The European Central Bank (ECB) and Bank of England (BoE) took actions broadly in line with the Fed, with the ECB raising its policy rate to 2.50% in a series of interest rate hikes in the second half of the year. The BoE, on the other hand, increased interest rates by 325 basis points in 2022, bringing the policy rate to 3.50%, its highest for 14 years.

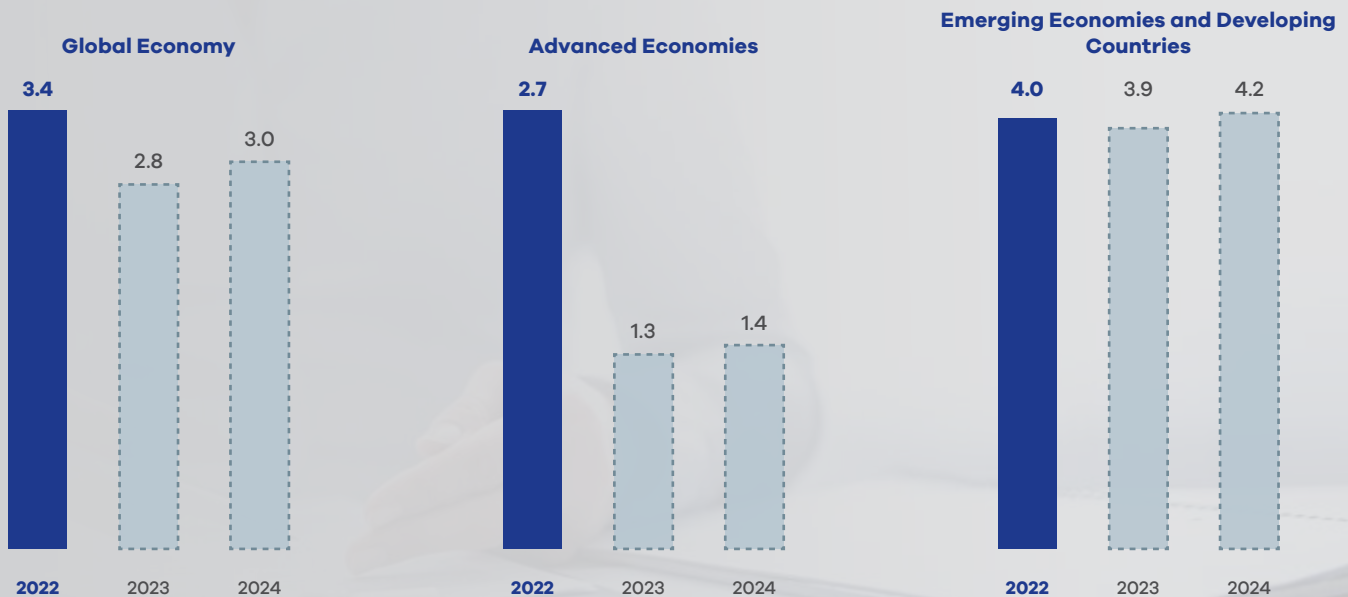
**Expectations for Future Periods**

Revising its growth forecasts for 2023 upwards, the IMF revised its global growth forecast from 2% to 2.7% while projecting growth of 3.1% in 2024 as demand indicators in the USA and Eurozone were more positive than in the previous forecast period. The relaxation of restrictions which had been imposed under China's "zero-Covid" policy also influenced the IMF's growth forecast.

The IMF's relatively subdued growth forecast for 2023 is a reflection of the rate hikes carried out by central banks to tackle inflation, especially in developed economies, as well as the war between Russia and Ukraine. Growth rates in emerging markets and developing economies are expected to dip to their lowest levels in 2022, although it is the trend of declining growth in developed economics which will be the underlying reason for the decline in global growth in 2023. Growth is expected to accelerate in China, whose economy will have fully reopened in 2023.

The IMF expects a recovery in both economic groups in 2024 as economies overcome the effects of the ongoing war and gradual fall in inflation.

**Growth Projections (Real GDP Growth, %)**



Source: IMF World Economic Outlook, April 2023.

## THE WORLD ECONOMY

The OECD, meanwhile, expects global growth to maintain a moderate course in the coming period with inflation on course to decrease gradually. The OECD projects that inflation will gradually come down once the rapid and synchronized wave of monetary policy tightening, implemented in the last year, takes full effect.

Despite a wide difference in the outlook between almost all G20 economies and most emerging market economies, the OECD projects inflation to decrease in the next two years, despite remaining well above the targeted levels in many countries.

In its latest report, the OECD also announced its expectations on the risks affecting global economic activity. According to the report, the tense geopolitical environment, the course of the war between Russia and Ukraine and its consequences on the global economy are keeping uncertainty high all over the world. One of the major risks in this respect is the danger to food security in emerging and developing economies. Trade tensions also remain a cause for concern with many non-G7 countries imposing new export restrictions on food, feed and fertilizers.

Another key risk addressed in the report is the uncertainty surrounding the scale and duration of the monetary tightening required to bring inflation down permanently. Continuing increases in cost pressures or margins and the upward movement in medium and long-term inflation expectations may force central banks to keep policy rates higher than expected. Higher interest rates may have stronger than anticipated effects on economic growth, especially when they reveal underlying financial vulnerabilities.

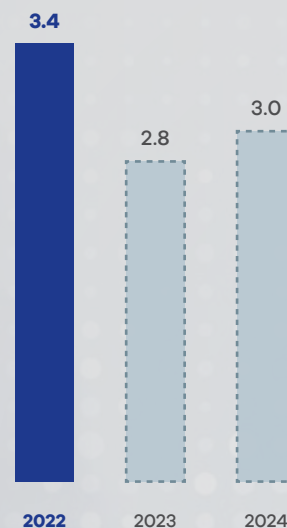
As a result, many international organizations warn that the current environment of uncertainty will continue to affect the whole world in the coming periods. Moreover, these multi-dimensional problems are expected to constrain the opportunities for global cooperation on issues such as sustainability, the environment, tackling climate change and supply security.

Source: The IMF Global Economic Outlook Reports, the OECD Economic Outlook Reports, the WTO

## GLOBAL GROWTH

(Real GDP Growth, %)

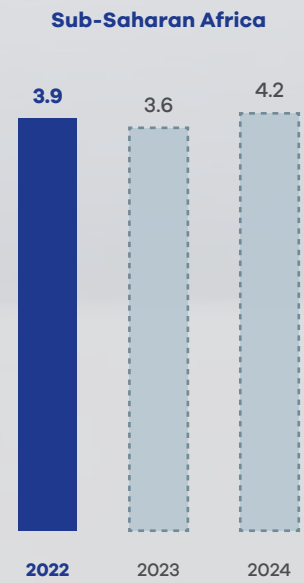
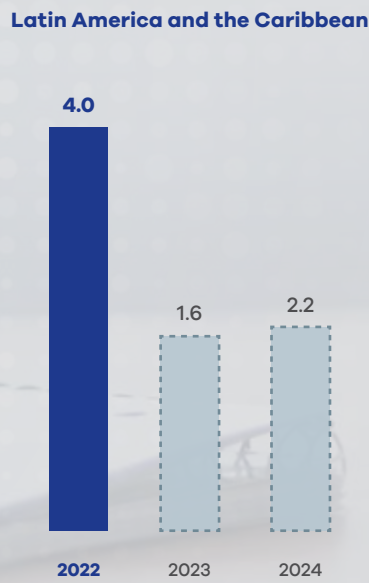
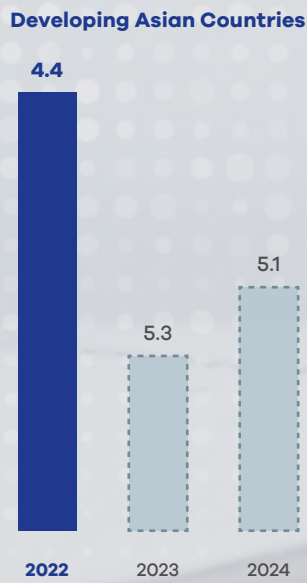
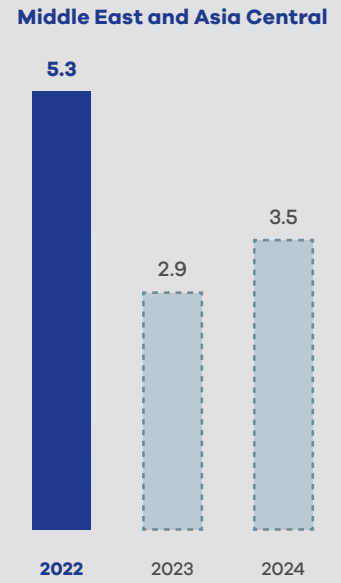
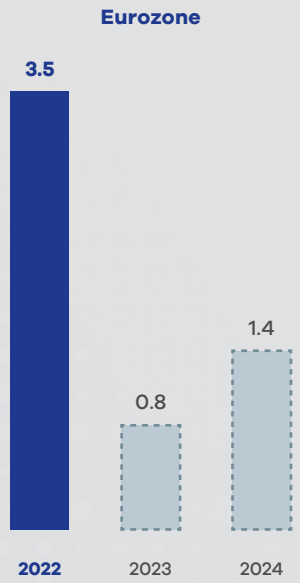
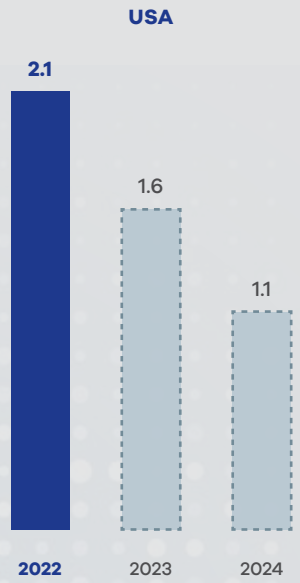
(Real GDP Growth, %)



**Despite a wide difference in the outlook between almost all G20 economies and most emerging market economies, the OECD projects inflation to decrease in the next two years, while remaining well above the targeted levels in many countries.**



Growth Forecasts by Regions



Source: IMF World Economic Outlook, April 2023

## THE TURKISH ECONOMY



# the high performance

## of the Turkish economy

**Despite the global economic outlook, the Turkish economy has achieved greatly high performance.**

Despite the global economic outlook, which entered a relative recovery trend after the epidemic, but was deteriorated by geopolitical risks and high inflation, the Turkish economy was able to maintain its strong growth.

The war between Russia and Ukraine, which broke out towards the end of February 2022, caused disruption to regional supply chains, given the importance of both countries as suppliers at the global level, and endangered the supply of raw materials and food products. Although rising global raw material and energy prices pose risks to production units in Türkiye, the effects of these factors on the growth performance of the Turkish economy have remained limited.

Wrapping up 2021 with 11.4% growth, the Turkish economy maintained its growth momentum in 2022. According

to the chained volume index, the Turkish economy grew on a quarterly basis by 7.6%, 7.8%, 4.0% and 3.5% respectively alongside with annual growth rate as 5.6%.

Services and the manufacturing industry were the main drivers of growth in the first two quarters. Private consumption contributed strongly to growth, especially with the contribution of service items. In this period, in addition to domestic demand, which was brought forward by inflation, net foreign demand was another key component of growth. Private consumption maintained its contribution to economic growth in the third and fourth quarters of the year, in line with market expectations. However, the contribution of net exports was relatively limited due to the weakening of economic activity, especially in Türkiye's export markets.

In 2022, compared to the previous year, the total value-added distribution of the activities which constitute GDP on the basis of the chained volume index indicated an 21.8% increase in finance and insurance activities, 11.7% increase in service activities, 9.9% increase in professional, administrative and support service activities, 8.7% increase in information and communication activities, 5.8% increase in other service activities, 4.8% increase in public administration, education, human health and social service activities, 4.3% increase in real estate activities, a 3.3% increase in industrial sector and 0.6% increase in agriculture sector activity. However, the construction sector contracted by 8.4%.

The main purpose of the Turkish Economy Model is to strengthen macroeconomic and financial stability. The financing opportunities provided to exporters and the tourism sector with the Credit Guarantee Fund (CGF) packages within the scope of the Turkish Economy Model have been a key determinant in this growth performance. Moreover, the model's effective measures to tackle inflation limited the annual rate of CPI inflation during the year.



**GDP GROWTH**

	GDP (TL billion)	GDP (USD billion)	GDP Growth Rate (%)	Per Capita Income (TL)	Per Capita Income (USD)
<b>2015</b>	2,339	862	6.1	30,056	11,085
<b>2016</b>	2,609	863	3.2	33,131	10,964
<b>2017</b>	3,111	853	7.5	39,019	10,696
<b>2018</b>	3,724	789	2.8	46,173	9,793
<b>2019</b>	4,280	754	0.9	52,213	9,195
<b>2020</b>	5,048	717	1.8	60,541	8,600
<b>2021</b>	7,249	807	11.0	86,144	9,592
<b>2022</b>	15,007	906	5.6	176,589	10,655

Source: The Turkish Statistical Institute (TURKSTAT)

**GDP GROWTH BY SECTOR****Adjusted Annual Rate of chained gross domestic product (%)**

	2021				2022			
	I	II	III	IV	I	II	III	IV
Agriculture, forestry and fishing	6.3	(0.6)	(6.6)	3.3	35.8	55.3	10.4	20.2
Industry	11.4	40.4	9.8	10.7	27.7	26.7	10.3	10.6
- Manufacturing	12.1	43.1	9.2	11.3	22.5	25.6	10.0	9.8
Construction	3.2	3.8	(5.9)	(3.9)	21.6	40.3	8.4	18.4
Services	6.1	46.1	21.4	16.7	7.6	9.4	18.0	19.7
Information and communications	16.9	24.9	20.9	18.6	14.0	21.4	16.4	14.8
Financial and insurance activities	3.3	(22.6)	(19.9)	13.7	46.7	43.4	8.7	(0.6)
Real estate activities	2.5	3.8	4.7	3.1	2.0	2.3	5.1	5.5
Professional, administrative and support service activities	4.8	32.3	25.3	10.2	21.3	30.5	16.2	15.3
Public administration, training, healthcare and social service activities	3.8	9.5	9.4	5.7	27.3	9.7	30.4	10.2
Other service activities	15.8	33.4	13.8	21.2	13.8	15.0	16.6	16.5
<b>Total Sectors</b>	<b>6.9</b>	<b>23.6</b>	<b>9.4</b>	<b>10.8</b>	<b>26.7</b>	<b>28.4</b>	<b>14.3</b>	<b>12.5</b>
Taxes-subsidies	10.6	8.7	(7.7)	(3.4)	36.2	18.9	9.1	9.7
<b>GDP (buyer prices)</b>	<b>7.5</b>	<b>22.2</b>	<b>7.9</b>	<b>9.6</b>	<b>7.6</b>	<b>7.8</b>	<b>4.0</b>	<b>3.5</b>

Source: The Turkish Statistical Institute (TURKSTAT)



In 2022, in addition to domestic demand, which was brought forward by inflation, net foreign demand was another key component of growth.



### The Growth Acceleration of the Turkish Economy Continued.

Maintaining its growth momentum in 2022, the Turkish economy grew by 5.6%.



### Medium Term Program

In the Medium Term Program (OVP), which covers the years 2022-2024, it is estimated that a growth of 5.5% will be recorded in 2022.

## THE TURKISH ECONOMY

### Industrial production affected by slowdown in foreign demand, albeit to a limited extent.

Indicators on industrial production, announced by the Central Bank of Türkiye (CBRT) in 2022, point out that the trend towards a slowdown in growth due to weakening foreign demand has been compensated by the relatively strong course in domestic demand. Industrial production recovered in the last quarter of the year to reach record levels, especially in the sectors with high export intensity.

There were important developments in terms of technological production capacity in 2022, with industrial production with high technology intensity increasing by 49.7% on an annual basis as of November.

Total industrial production increased by 1.6% on a monthly basis in

December 2022 when adjusted for seasonal and calendar effects. However, it decreased by 0.3% on an annual basis.

The effects of the slowdown in global demand were also observed in manufacturing industry capacity utilization rates. The effects of external demand-based pressures on manufacturing industry in domestic demand and supply capacity have remained limited for the time being. On the basis of registered domestic and foreign market orders for companies in the manufacturing industry sector and their expectations regarding future orders, expectations for export orders remained weak in the last quarter while domestic market order expectations increased. On the other hand, the retail sales volume index increased by 4.8% on a monthly basis and by 7.2% on a quarterly basis in December 2022.

### high technology intensity increasing by 49.7%

There were important developments in terms of technological production capacity in 2022, with industrial production with high technology intensity increasing by 49.7% on an annual basis as of November.

### Production Indicators

(change over the same month of the previous year %)

	2022											
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Total Industry	8.5	14.1	10.3	11.7	9.6	9.6	3.3	1.8	1.2	3.3	(1.1)	(0.3)
Intermediary Goods	7.7	12.4	9.3	8.4	4.9	5.5	(0.1)	(3.6)	(4.5)	(4.7)	(8.7)	(6.3)
Durable Consumer Goods	4.0	12.5	8.2	6.8	4.1	3.7	0.3	9.3	1.5	6.8	4.6	2.9
Non-Durable Consumer Goods	10.0	19.7	17.2	19.3	16.1	17.8	7.2	10.9	8.4	4.2	0.6	2.6
Investments Goods	10.0	15.3	6.0	16.4	17.9	15.5	12.6	4.6	8.4	28.0	19.4	14.4
Manufacturing Industry	8.6	15.2	11.4	13.0	11.2	11.2	5.0	3.1	2.6	4.5	(0.2)	0.4
Mining	9.4	6.3	2.4	5.9	(4.9)	(5.4)	(9.3)	(11.2)	(16.4)	(7.2)	(8.0)	(3.2)
Energy Production	6.2	5.6	2.5	0.2	0.9	1.2	(6.9)	(3.5)	(2.4)	(0.5)	(7.9)	(8.5)
Electricity Production	6.5	5.1	2.5	(0.4)	0.6	0.8	(7.4)	(3.8)	(2.7)	(5.2)	(8.2)	(8.6)
Automotive Production	(14.9)	(9.1)	(13.8)	2.5	23.2	23.9	34.4	(13.1)	19.4	6.6	15.4	7.9
White Goods Production	(12.5)	1.4	(0.2)	(6.5)	(9.23)	(7.8)	(4.3)	0.9	2.5	2.5	(2.5)	(10.0)
Total Industry Turnover Index	109.4	126.3	129.4	128.5	131.2	136.8	125.8	128.3	128.5	115.3	93.0	66.9
Manufacturing Industry Turnover Index	110.2	126.4	128.9	128.0	140.6	136.7	127.9	135.9	128.4	116.5	92.1	64.7
Real Sector Confidence Index	2.7	1.1	(1.8)	0.3	(0.1)	(4.7)	(8.6)	(9.6)	(11.6)	(8.4)	(9.6)	(7.7)



## INDEX VALUES

### Capacity Utilization Rates in Manufacturing Industry (%)

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
77.6	76.6	77.3	77.8	78.0	77.6	78.2	76.7	77.4	76.9	75.9	76.5

### PMI (Manufacturing)

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
50.5	50.4	49.4	49.2	49.2	48.1	46.9	47.4	46.9	46.4	45.7	48.1

Source: Presidency of Republic of Türkiye Presidency of Strategy and Budget

### Employment supported by the strong growth achieved in 2022

On the whole, the year 2022 was marked by the receding effects of the pandemic and the contribution of strong growth to employment.

The economy grew by 5.6% for the 2022 full year. The growing economy was one of the most important factors in the reduction in unemployment during the year, with the rate of unemployment decreasing by 1.6 percentage points to 10.4% in 2022. The youth unemployment rate, which covers the 15-24 age group, decreased by 3.2 points in 2022 compared to the previous year to 19.4%. The rates of unemployment in this age group stood at 16.4% for men and 25.2% for women.

In parallel with this, the index of hours worked in the industry exhibited an increase of 6.7% in the construction and trade-service sectors increased in the same period. On the basis of sub-sectors, this index recorded an increase of 7.1% in the industrial sector, 6% in the construction sector and 6.6% in the trade-service sectors.

The number of people in employment increased by 1,955,000 on an annual basis to 30,752,000 in 2022. There was a decline of 82,000 in the number of people employed in the agricultural sector, but an increase of 1,450,000 in the services sector, 520,000 in the industrial sector and 69,000 in the construction sector.

### Labor Market Developments (15+ Age)

	2021	2022
Labor Force Participation Rate (%)	51.4	53.1
Labor Force (thousand)	32,716	34,334
Employed (thousand)	28,797	30,752
Agriculture (thousand)	4,948	4,866
Industry (thousand)	6,143	6,663
Services (thousand)	15,928	17,378
Construction (thousand)	1,777	1,846
Unemployed (thousand)	3,919	3,582
Unemployment Rate (%)	12.0	10.4
Employment Rate (%)	45.2	47.5
Youth Unemployment Rate (%)	22.6	19.4
<b>Employment Rate by Sector (% Share)</b>		
Agriculture	17.2	15.8
Industry	21.3	21.7
Services	55.3	56.5
Construction	6.2	6.0

Source: Turkish Statistical Institute (TURKSTAT)

### Inflation in the spotlight in 2022

The rate of CPI inflation continued to rise throughout the year due to the impact of the fall in the value of the Turkish Lira (TL) on prices and the rise in global energy and food prices. CPI inflation peaked at 85.5% in October, 2022.

The rate of CPI inflation started to decline due to a relative easing in cost-based pressure, the stabilization in the exchange rate, decline in commodity prices and the high base effect, dipping to a 9-month low of 64.3% at the end of the year and coming in below the CBRT's year-end forecast. The group to record the smallest increase in prices compared to the previous year was clothing and shoes, with a 25.87% increase in prices. real estate was the group

recording the steepest increase in prices, with a rise of 79.83%.

In this period, the annual rate of D-PPI (Domestic Producer Price Index) inflation eased back to 97.72%, its lowest level since January, due to the base effect in addition to the downward trend in energy prices.

In December 2022, prices of electricity and gas production and distribution decreased by 11.78% compared to the previous month, accounting for the biggest contribution to the 0.24% decrease in the D-PPI on a monthly basis, by 214 basis points. The decrease in the producer prices of coke and refined petroleum products, crude oil and natural gas also lowered the D-PPI by 33 basis points.

## THE TURKISH ECONOMY

### CHANGES IN PRICES

	2021	2022
<b>Rate of change in 12 month moving averages</b>		
PPI	43.86	128.47
CPI	19.60	72.31
<b>Annual rate of change (%)</b>		
PPI	79.89	97.72
CPI	36.08	64.27

Source: The Turkish Statistical Institute (TURKSTAT)

### The CBRT continued the policy rate reductions started the previous year in 2022.

The CBRT left its policy rate unchanged at 14% in the first two quarters of 2022. In August, the CBRT changed its policy and cut interest rates with the aim of supporting growth and exports. The CBRT gradually reduced the policy rate by 500 basis points in 4 meetings to 9%.

On the last day of the year, the CBRT announced its annual report, published as the Monetary Policy and Liraization Strategy, where it had been previously published as the Monetary and FX Rate Policy. The CBRT has set a target of 60% for the Liraization of deposits for the first half of 2023.

### A wide foreign trade deficit, despite export growth

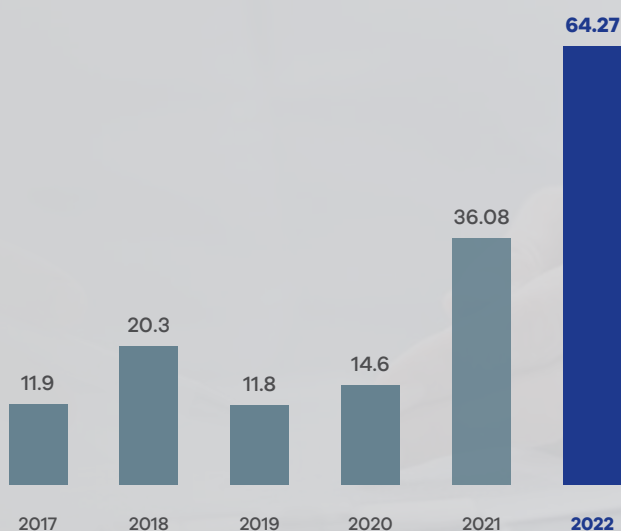
According to the general trade system, Türkiye's exports increased by 12.9% to USD 254.2 billion in 2022. On the other hand, imports increased by 34% to reach USD 363.7 billion. Foreign trade volume increased by 24.6% to USD 618.6 billion.

Due to the fluctuating course of commodity prices, especially for energy, and gold imports, the foreign trade deficit widened by 137% to reach USD 109.5 billion, with the export coverage ratio declining from 81.9% between January-December 2021 to 68.7% in the same period of 2022.

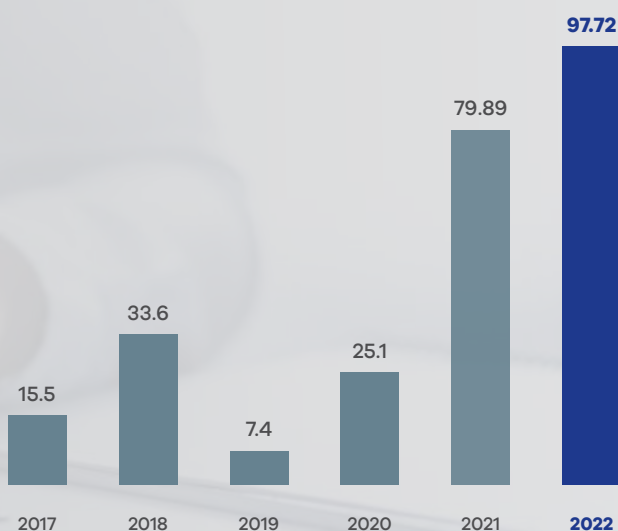
Germany accounted for the highest share of exports in 2022, with Türkiye's exports to Germany reaching USD 21.1 billion. Germany was followed by the USA (USD 16.9 billion), Iraq (USD 13.8 billion), the United Kingdom (USD 13.1 billion) and Italy (USD 12.4 billion). The top five countries accounted for 30.4% of Türkiye's total exports.

In the same period, the Russian Federation was the biggest exporter to Türkiye, with imports from the Russian Federation amounting to USD 58.8 billion during the year, being followed by China (USD 41.4 billion), Germany (USD 24.3 billion), Switzerland (USD 15.3 billion) and the USA (USD 15.2 billion). Türkiye's imports from the first five countries accounted for 42.6% of total imports.

Inflation - CPI (%)



Inflation - PPI (%)



Source: TurkStat



In respect to exports, the combination of a softening in global demand, the weakness of the EUR against the USD throughout the year and the relative resistance of the Turkish lira later in the year led to a loss in export volumes.

In this period, geopolitical risks and the policies pursued by the central banks of developed countries, and in particular the subdued economic activity in the EU, which is Türkiye's main export market, had a negative impact on foreign demand. However, total exports recovered in the last quarter of the year thanks to a surge in exports to CIS countries, along with buoyant exports to the Middle East, North America and Asian countries.

As far as imports are concerned, the decline in unit prices and upward movement in the real effective exchange rate paved the way for high import volumes. Against this backdrop, raw material and energy prices are likely to remain elevated for some time due to geopolitical risks, which could put pressure on the current account deficit due to high imports of intermediate goods, despite the positive contribution from exports.

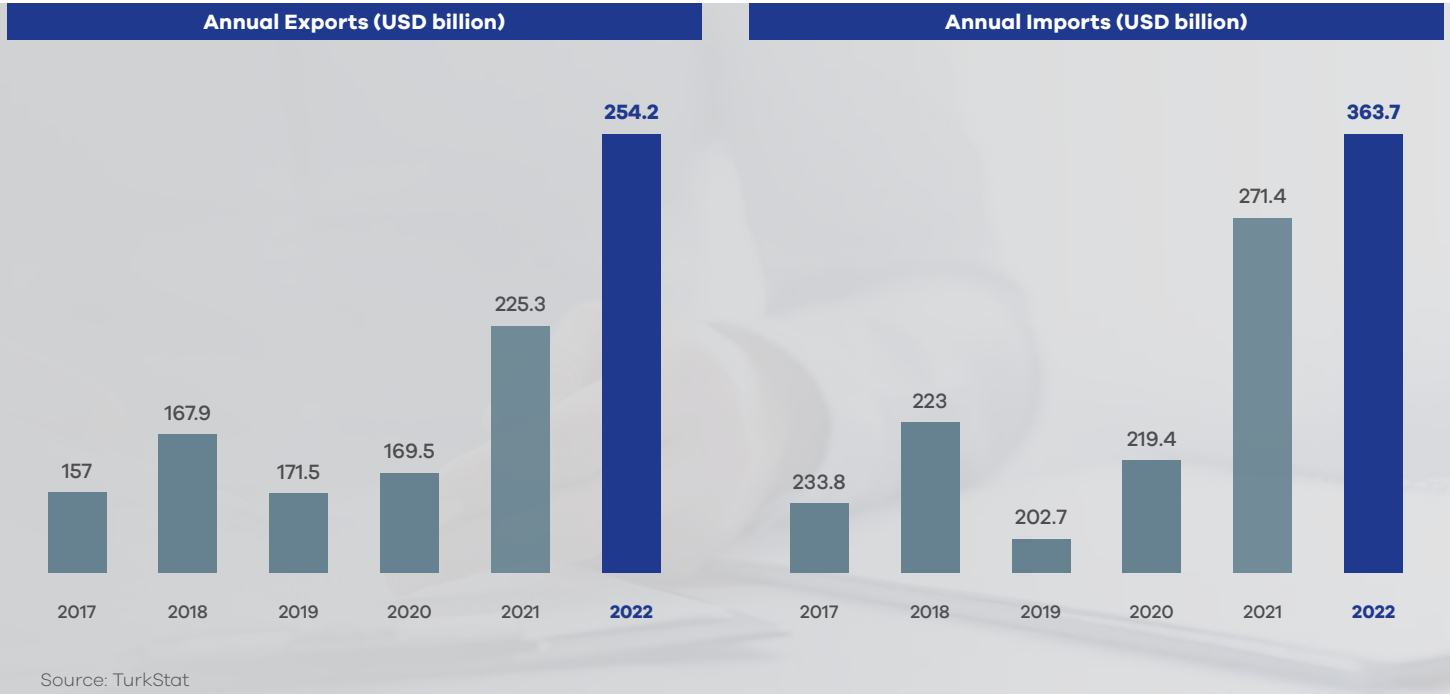
The current account deficit widened approximately seven-fold on an annual basis, swelling to USD 48.8 billion in 2022. Despite the near doubling in net energy imports, net services revenues followed a positive course due to the recovery in transportation and travel activities. The increase in net services revenues limited the widening in the current account deficit, with the current account deficit to GDP ratio ending 2022 at 5.4%.

Rather than sustainable resources, the USD 33 billion in cash and deposits figured largely in the financing of the current account deficit. The net errors and omissions item amounted to USD 24.2 billion. While the continued tightening steps being taken in the monetary policies by central banks of developed countries also points further uncertainty surrounding the financing of the balance of payments.

**According to the general trade system, Türkiye's exports increased by 12.9% to USD 254.2 billion in 2022. On the other hand, imports increased by 34% to reach USD 363.7 billion. Foreign trade volume increased by 24.6% to USD 618.6 billion.**



## THE TURKISH ECONOMY



### Strong revenues lead to a narrowing in the central government budget deficit in 2022

The central government budget deficit, which came in at TL 201.5 billion in 2021, decreased to TL 139.1 billion in 2022 thanks to a positive performance in revenues.

As a result, the budget deficit was realized well within the target of TL 278 billion set at the end of 2021. The budget deficit was also well below the Medium Term Program forecast of TL 461 billion, which was announced in September 2022. Budget revenues increased by 99.9% during the year while government expenditures increased by 83.4%. The primary balance, which recorded a deficit of TL 20.7 billion in 2021, posted a surplus of TL 171.8 billion in 2022.

Tax revenues increased by 102% - well above the rate of CPI inflation - in 2022 to reach TL 2.4 trillion. In addition to the high rate of inflation, the strong tax revenues were driven by a 185.1% surge in corporation tax receipts to TL 507.5 billion in line with the vibrant economic activity observed in the first half of the year. Following the end of the “sliding wage scale” system in March 2022, SCT (Special Consumption Tax) revenues from natural gas and petroleum products increased by 145.3% in 2022. In line with the rapid rise in interest income in 2022, there was a 93.9% increase in the interest, shares and penalties item on an annual basis to TL 236.8 billion.

# 102%

**Tax Revenues**

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Tax revenues increased by 102% - well above the rate of CPI inflation - in 2022 to reach TL 2.4 trillion.



### The CBRT publishes its Liraization Strategy with the aim of reshaping price stability in a sustainable framework

Global economic activity is expected to exhibit a relatively weak path in 2023 amid ongoing supply problems, geopolitical developments, global monetary policy decisions and the effects of developments in the financial markets. In addition, potential economic developments in Europe, Türkiye's largest trade partner, may affect our country's economy through the export channel and put pressure on GDP growth.

In a bid to reshape price stability in a sustainable framework, the CBRT published the Liraization Strategy on 30 December 2022. The strategy is a comprehensive policy framework that prioritizes the Turkish lira (TL) in all policy instruments.

In this strategy report, the CBRT maintained its medium-term inflation target of 5%, which was determined together with the Government, within the framework of the inflation targeting regime. The CBRT announced that it would set its monetary policy in a manner that would gradually bring inflation closer to its medium-term target.

The CBRT stated that it will continue to strengthen and use policies to be implemented within the framework of the Liraization Strategy, in order to permanently increase the weight of the Turkish lira (TL) in both the assets and liabilities in the banking system. In this context, a 60% target for Liraization in deposits was set for the first half of 2023.

The Bank has declared that it will support activities which increase investment, employment, production, exports and the current account in the coming periods with credit policies in line with the determined inflation target. The Bank has also declared that it will maintain the floating exchange rate regime, with exchange rates to move in accordance with the supply-demand balance under free market conditions.

Source: Turkish Statistical Institute, CBRT, Republic of Türkiye Ministry of Treasury and Finance and Presidency Strategy and Budget

### Potential economic developments in Europe, Türkiye's largest trade partner, may affect our country's economy through the export channel and put pressure on GDP growth.

#### Balance of Payments - Current Account

(USD million)	2017	2018	2019	2020	2021	2022
<b>CURRENT ACCOUNT</b>	<b>(40,584)</b>	<b>(20,745)</b>	<b>6,759</b>	<b>(36,765)</b>	<b>(13,959)</b>	<b>(48,751)</b>
<b>BALANCE OF FOREIGN TRADE</b>	<b>(58,575)</b>	<b>(40,767)</b>	<b>(16,751)</b>	<b>(37,834)</b>	<b>(29,232)</b>	<b>(89,684)</b>
Exports F.O.B.	164,495	177,169	180,195	169,669	225,235	254,196
Imports C.I.F.	238,715	231,152	210,344	219,508	271,422	363,713
Non-monetary Gold (net)	(9,971)	(8,713)	(9,268)	(22,402)	(2,016)	(19,387)
Total Exports	169,214	178,909	182,246	168,433	224,711	253,403
Total Imports	227,789	219,676	198,997	206,267	253,943	343,087
<b>BALANCE OF SERVICES</b>	<b>26,333</b>	<b>31,093</b>	<b>35,528</b>	<b>9,502</b>	<b>26,397</b>	<b>26,397</b>
Travel	17,655	20,625	25,719	9,180	19,177	37,123
Revenues	22,478	25,220	29,829	10,220	20,827	41,176
Expenses	4,823	4,595	4,110	1,040	1,650	4,053

#### Balance of Payments - Capital and Financial Accounts

(USD million)	2017	2018	2019	2020	2021	2022
<b>CAPITAL ACCOUNT</b>	<b>15</b>	<b>62</b>	<b>34</b>	<b>(39)</b>	<b>(64)</b>	<b>(35)</b>
<b>FINANCIAL ACCOUNTS</b>	<b>(46,837)</b>	<b>(10,903)</b>	<b>1,308</b>	<b>(39,859)</b>	<b>(5,045)</b>	<b>(21,337)</b>
Direct Investments	(8,398)	(9,374)	(6,323)	(4,731)	(7,551)	13,528
Portfolio Investments	(24,063)	3,115	1,447	5,485	(796)	(796)
Other Investments	(6,169)	5,733	(140)	(8,751)	(20,028)	(39,010)
Reserve Assets	(8,207)	(10,377)	6,324	(31,862)	23,330	12,311
<b>NET ERRORS AND OMISSIONS</b>	<b>(6,268)</b>	<b>9,780</b>	<b>(5,485)</b>	<b>(3,055)</b>	<b>8,978</b>	<b>27,449</b>

Source: CBRT 6<sup>th</sup> Handbook of Balance of Payments, Monthly-base Presentation

## BANKING SECTOR

**Financial stability requires strong and sound financial institutions, stable functioning markets and operating environment.**



### Strong banking system

**The strong operational and capital structure of the Turkish banking sector is the most important factor in resisting these negative developments in the global banking system.**

### Development

**A market where risks and uncertainty are low or manageable provides an easier and healthier development opportunity for saving, consumption and investment decisions.**

# financial stability for economic growth

**Financial stability, which is vital in to economic growth, means that banks can continue to finance economic activities in the country even under the most difficult conditions.**

Financial stability requires strong and sound financial institutions, stable functioning markets and operating environment. A market where risks and uncertainty are low or manageable allows economic actors to make decisions regarding savings, consumption and investment more easily and healthily.

With the long-term effects of the Covid-19 pandemic still felt in 2022, the escalation in geopolitical tensions with Russia's invasion of Ukraine in February, high inflation and interest rates, supply chain disruptions led to a reassessment of many forecasts by banks around the world.



**Number of Banks** - There were a total of 57 banks in the Turkish banking sector at the end of 2022.



**Number of Branches** - There were a total of 11,034 domestic and foreign branches of banks operating in the Turkish banking sector at the end of 2022.



**Sector Balance Sheet** - In 2022, the total assets of the banking sector increased by 56% compared to 2021 to stand at TL 14,347 billion.





## ADVANTAGES



### MANAGEABILITY

A market where risks and uncertainty are low or manageable



### PROCESS MANAGEMENT

A management approach that performs strongly in a digital age



### EXPERIENCE

Innovative products and services that transform exciting business models into excellence in the customer experience



## NEW TECHNOLOGIES AND CYBER SECURITY

The roll out of sustainable finance models and the importance attached to cyber security were under the spotlight in the sector.

Rising inflation and the prospect of recession have severely tested central banks, even if they have taken steps to restrain quantitative expansionist policies. The devaluation of fintechs and crypto currencies, including the bankruptcy of some high-profile crypto organizations, has hindered the relative stability that the global banking sector has enjoyed for more than a decade.

This period was marked by the contraction of financing opportunities, diminished funding capabilities and rising risk costs. The strong operational and capital structure of the Turkish banking sector is the most important factor in resisting these negative developments in the global banking system in this period.

The rapid depreciation of the Turkish Lira at the end of 2021 has raised concerns over capital adequacy. Nevertheless, developments such as the steps taken within the framework of the new economic model of Türkiye at the beginning of 2022 and the significant strengthening of the capital of the public banks in order to support the newly announced loan packages demonstrate the sensitivity of the institutions managing the economy.

## The effects of the regulations in the field of digital banking and finance

- 1 An environment has emerged which has fostered open banking thanks to new innovations.
- 2 The Turkish Finance sector has demonstrated a strong performance in a digital age.
- 3 Investments undertaken by the Turkish Banking sector in banking services which are not tied down in terms of time or place have provided customers with greater ease in transactions.

## BANKING SECTOR

**The sector's equity and profitability strengthened and remained above the legal limits in 2022 thanks to falling interest rates and the prudent policies pursued. At the same time, significant growth was observed in the loan and deposit volumes compared to previous years.**

The spread of sustainable financing models and the importance attached to cyber security were at the top of the operational concerns of the sector. In addition to these, the ongoing digital transformation process and new ventures that rival banks in the field of financial services were other issues that sector players had to manage.

Thanks to its highly qualified workforce and its adaptation capability, the Turkish banking sector also achieved new successes in 2022, which was a challenging year. The sector maintained its asset quality and funding capability.

As a result, 2022 was a year in which the sector's own funds and profitability strengthened and remained above legal limitations thanks to falling interest rates and the prudent policies pursued. On the other hand, significant increases were observed in the loan and deposit items compared to previous years.

### THE TURKISH BANKING SECTOR IN FIGURES

#### Number of Banks

A total of 57 banks were operating in the Turkish banking sector at the end of 2022, including 35 deposit banks, 16 development and investment banks, and 6 participation banks.

	<b>December 2022</b>
Deposit Banks	35
Public Banks	3
Private Banks	8
Foreign Banks	21
Banks Transferred to the Savings Deposit Insurance Fund	3
Development and Investment Banks	16
Participation Banks	6
Total	57

Source: Banking Regulation and Supervision Agency (BRSA)

#### Number of Branches

A total of 11,034 domestic and foreign branches of banks were operating in the Turkish banking sector according to the December 2022 figures, of which 10,958 were domestic branches and 76 being foreign branches. The total number of branches marks a 0.2% reduction from the 11,098 in 2021. A total of 10,636 branches were included in the online system.

The number of branches and employees is affected by the development of non-branch alternative distribution channels, the increase in demand for mobile and digital banking services and the fact that some services are procured from support service organizations.

The distribution of domestic branches on the basis of bank group is given in the table below:

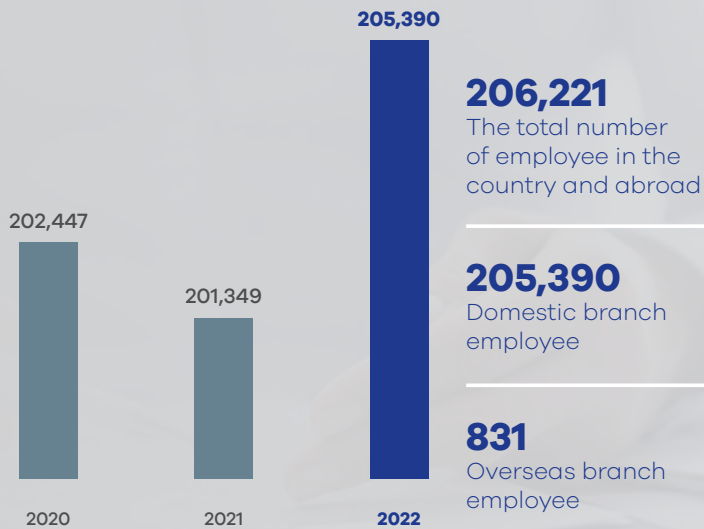
	<b>December 2022</b>
Deposit Banks	9,515
Local Private Banks	3,468
Public Banks	3,710
Foreign Banks	2,337
Participation Banks	1,375
Development and Investment Banks	68
Total	10,958

Source: BRSA





## Number of domestic Staff



Source: BRSA

## Number of Staff

A total of 206,221 domestic and international employee have been working in deposit banks, participation banks and development and investment banks at the end of 2022, an increase of 4,085 people or 1.6% compared to the 202,136 employee at the end of 2021. Of these employees, 205,390 were domestic employees and 831 are foreign branch employees.

As of December 2022, local and private deposit banks employees accounted for 58% of all bank employees with 119,867 employees. Public banks\* accounted for 30% of the total employees, with 61,997 employees, while participation banks accounted for 9% of the total, with 17,827 employees. Development and investment banks employees accounted for 3% of the total, with 5,699 employees.

\*The total number of people working in public banks includes the number of employees in public participation banks.

## The banking sector recorded a net profit of TL 431.6 billion for the period of 2022, marking an increase of 364% compared to the previous year.

### THE FINANCIAL STATEMENT OF THE BANKING SECTOR

In 2022, the banking sector's total assets expanded by 56% compared to the end of 2021 to reach TL 14,347 billion, while the sector's shareholders' equity increased by 97% to TL 1,406 billion.

Total loans increased by 55% compared to the previous year to TL 7,581 billion. The increasing working capital requirement in the SME segment played an important role in this loan growth. The effect of a supportive monetary policy and rising asset prices supported the orientation towards Turkish lira loans while the use of foreign currency loans decreased.

The sector recorded 67% annual growth in deposits with total deposits in the sector reaching TL 8,862 billion. The Currency-Protected Deposit (KKM) product constituted 17% of the total deposits, continuing to have a significant impact on the volume of TL deposits and reducing volatility by serving to limit demand for foreign currency.

The banking sector's net profit increased by 364% compared to the previous year to reach TL 431.6 billion.

### SELECTED BALANCE SHEET ITEMS

	Amount (TL billion)	2021-2022 (%)
<b>Assets</b>		
Loans	7,581	54.7
CBRT and Mandatory Reserves	1,833	41.0
Receivables from Banks	559	17.4
Securities	2,371	60.6
Other Assets	2,004	88.6
Total Assets	14,347	55.7
<b>Liabilities</b>		
Deposits	8,862	67.1
Debt to Banks	1,432	36.6
Repo Transactions	540	7.9
Securities Issued	325	4.88
Shareholders' Equity	1,406	96.9
Other Liabilities	1,782	42.3
Total Liabilities	14,347	55.7

## BANKING SECTOR

### ASSETS

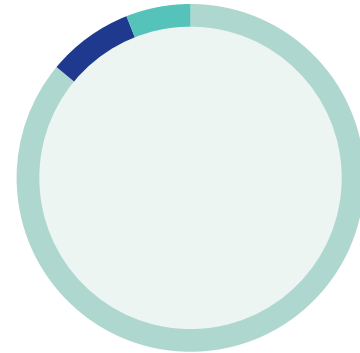
Turkish banking sector dynamically overcame the structural changes brought about by the pandemic and the wide exchange rate movements experienced at the end of 2021, and the banking sector's total assets approached TL 15 trillion. The growth in the sector's balance sheet continued in 2022 with implementations such as the CGF (Credit Guarantee Fund) package, which was implemented within the framework of the new economy plan, and the regulations aimed at supporting the deposit base.

The sector's assets were comprised of loans (53%), securities (17%), reserves in the CBRT and required reserves (13%), receivables from banks (4%), cash and cash equivalents (1%) and other assets (12%).

Deposit banks have a share of 86% of the banking sector's total assets, followed by participation banks with 8% share, development and investment banks with a 6% share. as of December 2022. On the basis of ownership group, public banks had a share of 45% of total assets in the overall sector, followed by a 30% share for domestic private banks and a 25% share for foreign banks.

In 2022, the Herfindahl index calculated according to the total assets of the banking sector stood at 8.31. The ratio of the sector's asset size to the GDP stood at 0.96 as of the end of 2022.

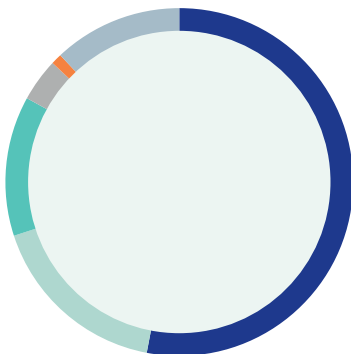
### Distribution of Assets by Function Group (%)



- Deposit Banks 86%
- Participation Banks 8%
- Development and Investment Banks 6%

Source: BRSA

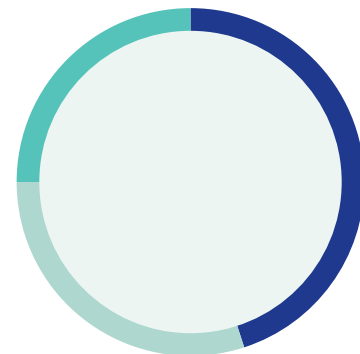
### Breakdown of Assets (%)



- Loans 53%
- Securities 17%
- CBRT and Required Reserves 13%
- Receivables from Banks 4%
- Cash and Cash Equivalents 1%
- Other Assets 12%

Source: BRSA

### Distribution of Assets by Ownership Group (%)

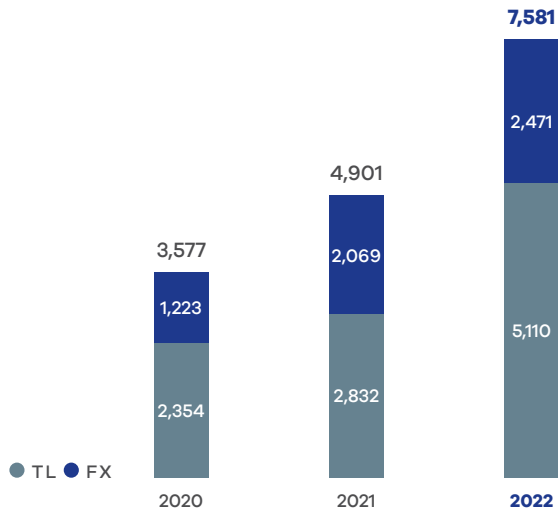


- Public Banks 45%
- Domestic Private Banks 30%
- Foreign Banks 25%

Source: BRSA

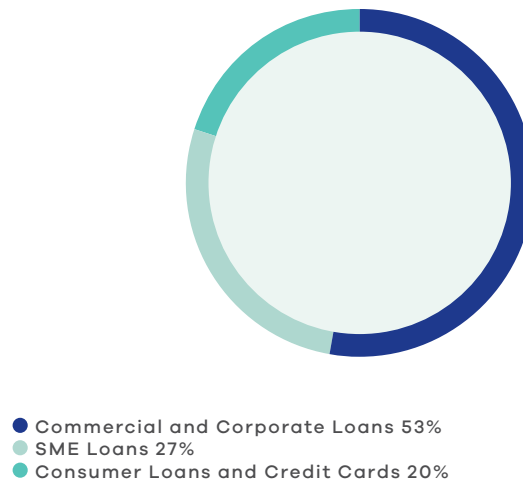


### Loans (TL billion)



Source: BRSA

### Distribution of Credits (%)



Source: BRSA

### LOANS

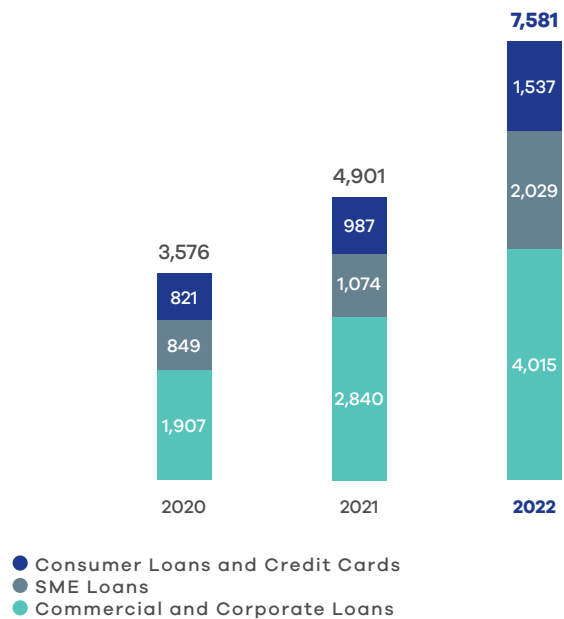
Loans, which accounted for 53% of total assets, increased by 54.7% year-on-year to TL 7,581 billion in 2022, driven by the rise in exchange rates and the increased demand for borrowing in a high inflation environment. The annual rate of increase in loans, which rose to 70.4% in August compared to the same month of the previous year, declined in the last quarter of the year due to the base effect from last year.

According to the Financial Stability Report published by the CBRT in November 2022, the increase in firms' working capital and inventory financing needs due to rising commodity prices led to a strong demand for TL-denominated loans. However, with the contribution of macroprudential policies, SME, export and investment loans growth and its share in loans decoupled positively.

In the same report, it is stated that the growth in consumer loans followed a moderate course within the framework of the regulations implemented by the BRSA, and the gap between the policy interest rate and the commercial loan interest rate closed after the regulation on the establishment of securities based on the TL commercial loan interest rate level.

Of the TL 7,581 billion total loans recorded in 2022, TL 3,593 billion were provided by state banks, TL 2,151 billion by domestic private banks and TL 1,837 billion by foreign banks.

### Development of Loan Types (TL billion)



Source: BRSA

## BANKING SECTOR

As of end-December 2022, TL 5,110 billion of total loans consisted of TL loans and TL 2,471 billion of foreign currency loans. At the end of 2022, commercial and corporate loans amounted to TL 4,015 billion, accounting for 53% of total loans. SMEs loans, amounting to TL 2,029 billion, accounted for 27% of total loans, while consumer loans (including credit cards) totaled TL 1,537 billion, with a 20% share in total loans.

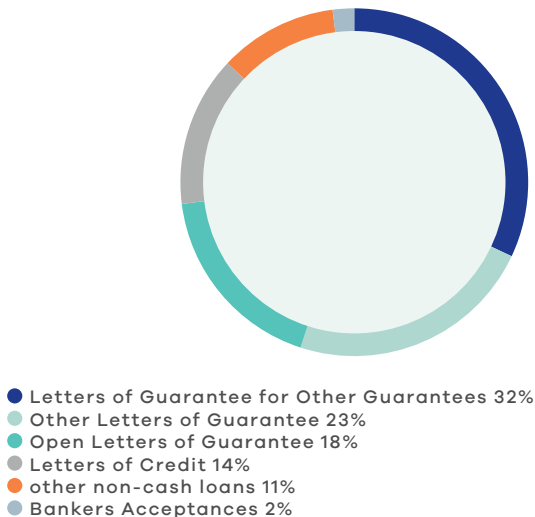
The shares of some selected sectors in total loans are as follows: 7.9% for the wholesale trade and brokerage sector; 7.4% for the construction sector; 4.3% for the agricultural sector; and 3.3% for the textile and textile products industry.

The share of medium-sized enterprises' loans in the total SME loans decreased during 2022, while the share of small-scale enterprises' loans increased.

As of December 2022, the share of general needs loans in consumer loans was 44%, while the share of housing loans was 23%. Housing loans amounted to TL 360 billion, while vehicle loans and general needs loans totaled TL 50 billion and TL 675 billion, respectively.

The banking sector's non-cash loans and liabilities stood at TL 2,523 billion at the end of 2022, of which TL 1,171 billion consisted of Turkish lira denominated non-cash loans with TL 1,351 billion being foreign currency non-cash loans.

### Non-Cash Loans (%)



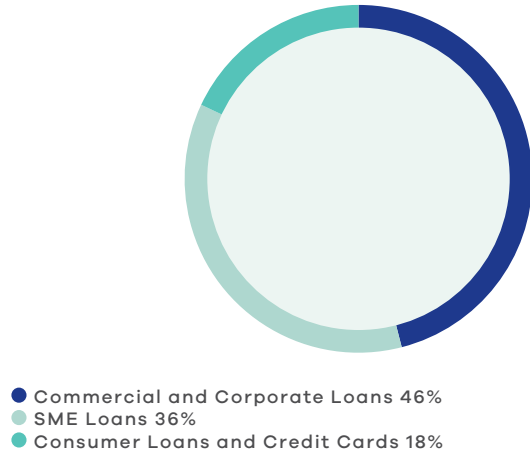
Source: BRSA

### Non-Performing Receivables

The volume of Non-performing Loans (NPL) in the Turkish banking sector increased by 2.1% (gross) in 2022 compared to the previous year to TL 163.4 billion. The annual rate of growth in the NPL portfolio, which started to decrease in the third quarter of 2021, continued to decline in the last quarter of 2022.

Due to the higher annual growth in the rate of loans, the NPL ratio decreased to 2.15% in 2022.

### Distribution of Non-Performing Receivables by Loan Types (%)



Source: BRSA

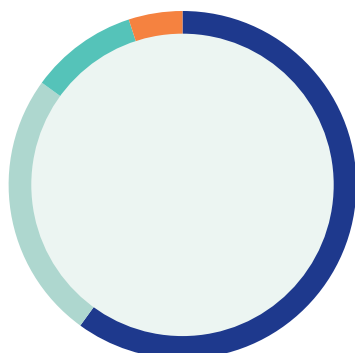
### Securities

The securities portfolio of the Turkish banking sector reached TL 2,370 billion in 2022, recording an increase of 60.5% compared to the previous year. The CBRT's decision to hold bonds as required reserves played an important role in the growth of the securities portfolio since the end of 2021.

The FX portfolio constitutes 46.7% of the total portfolio due to the base effect and the appreciation of foreign currencies against the Turkish Lira. The 41.6% growth in the FX portfolio (with a slowdown in the annual growth rate of the FX portfolio in the last quarter) as well as the increase in the value of inflation-indexed papers were instrumental in the expansion of the securities portfolio. The TL portfolio recorded an annual growth rate of 81.7%.



### Distribution of Security Types (%)

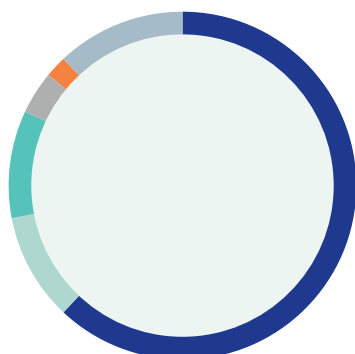


- Government Bonds 60%
- Treasury Eurobond 25%
- Lease Certificates 10%
- Other 5%

Source: BRSA

### The securities portfolio of the Turkish banking sector increased by 60.5% year-on-year to TL 2,371 billion in 2022.

### Total Liabilities (%)



- Deposit 62%
- Payables to Banks 10%
- Equities 10%
- Funds Provided from Repo Transactions 4%
- Issued Securities 2%
- Other 12%

Source: BRSA

**In 2022, deposits accounted for the highest share of total liabilities in the Turkish banking sector, with a share of 62%. Debts to banks and shareholders' equity each accounted for 10% of the total liabilities, while funds provided from the repo transactions accounted for 4%.**

### LIABILITIES

Deposits had the largest share in the Turkish banking sector's total liabilities in 2022 with 62%. In this period, payables to banks and shareholders' equity accounted for 10% each, while funds obtained from repo transactions accounted for 4%.

The share of deposits in total liabilities increased by 4 percentage points in 2022, while the share of shareholders' equity increased by 2 percentage points compared to the previous year. On the other hand, the share of payable to banks in liabilities decreased by 5 percentage points, the share of funds obtained from repo transactions decreased by 2 percentage points and the share of securities issued decreased by one percentage point. The fact that the rise in the currency-protected deposits led to an increase the total deposits, and that the increase in profits increased shareholders' equity was influential in this change. The decrease in the share of funds obtained from repo transactions and the decrease in payable to banks played an instrumental role in the decrease in the share of non-deposit resources.

### Deposit/Participation Fund

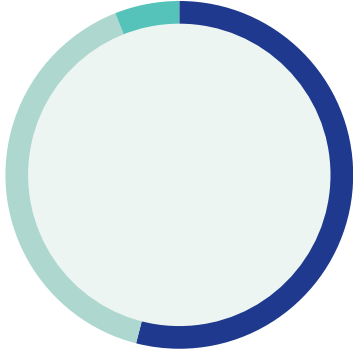
Total deposits stood at TL 8,861 billion at the end of the end of the year, TL 4,778 billion of which consisted of TL deposit/participation funds, TL 3,547 billion being foreign exchange deposit accounts/participation funds and TL 536 billion consisting of precious metal deposit accounts.

With the contribution of Currency-Protected Deposit (KKM) accounts and the decisions taken by the CBRT to support TL deposits, TL deposits grew rapidly on an annual basis. FX denominated deposits rose for the first three quarters of the year due to the appreciation of other currencies against the Turkish Lira and the base effect from the previous year before declining at the end of the year as a result of the stable course in exchange rates and the support directed at TL deposits. FX deposits, which accounted for 65% of total deposits at the end of 2021, decreased to 46% by the end of 2022 within the framework of the CBRT's Liraization strategy.

After falling to a twelve-year low of 84.3% in October due to the rapid rise in deposits, the deposit-to-loan ratio rose slightly to 85.5% at the end of the year due to the slowdown in the annual growth rate of deposits.

## BANKING SECTOR

### Distribution of Deposits (%)



- TL Deposit/Participation Funds 54%
- Foreign Exchange Deposit Account/Participation Funds 40%
- Precious Metals Deposit Accounts 6%

Source: BRSA

Demand deposits constituted 35% of total deposits in 2022, with 32% of the deposits having a maturity of 1-3 months. The appreciation in the value of other currencies against the Turkish Lira caused an increase in demand deposits. The fact that the currency-protected deposit accounts are opened with a maturity of at least 3 months resulted in an increase in deposits with a maturity of more than 3 months. Thus, in 2022, the share of the time deposits with a maturity of 1-3 months in total decreased by 6 percentage points compared to 2021.

The share of the time deposits with a maturity of 3-6 months increased by 7 percentage points compared to 2021 to reach 10%, while share of the time deposits with a maturity of 6-12 months increased by 1 percentage point to 3%.

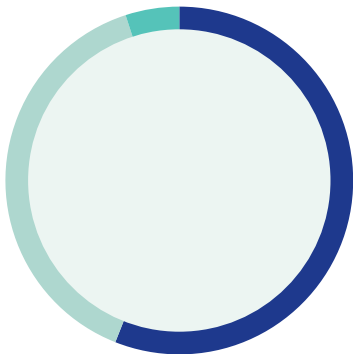
On the other hand, the stable course in exchange rates in the last months of the year diminished the appeal of currency-protected deposits to some extent, and time deposits with maturities of 3-6 months and 6-12 months declined slightly from the higher levels they had reached during the year.

### Deposit Accounts by Types

In 2022, 56% of the Turkish banking sector's total deposits were held by retail customers with a total of TL 5,009 billion. Commercial and other institutions accounted for 39% of the total deposits with an amount of TL 3,447 billion while official institutions accounted for 5% of the total deposits with a total of TL 405 billion. Of the deposits held by retail customers, TL 2,454 billion were denominated in Turkish lira and TL 2,555 billion in foreign currency. Of the deposits held by commercial and other institutions, TL 1,965 billion was denominated in Turkish lira and TL 1,482 billion in foreign currency.

**In 2022, 56% of the Turkish banking sector's total deposits were held by retail customers with a total of TL 5,009 billion. Commercial and other institutions accounted for TL 3,447 billion of the total deposits with a 39% share, while official institutions accounted for 5% of the total deposits, holding TL 405 billion.**

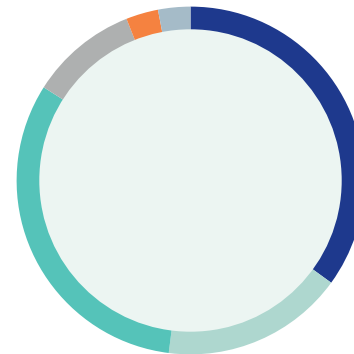
### Breakdown of Deposits By Type (%)



- retail customers Deposits 56%
- Commercial and Other Institutions Deposits 39%
- Commercial and Other Institutions Deposits 5%

Source: BRSA

### Breakdown of Deposits By Maturity (%)



- Demand Deposits 35%
- Up to 1 Month 17%
- 1-3 Months 32%
- 3-6 Months 10%
- 6-12 Months 3%
- Over 1 Year 3%

Source: BRSA



### Non-Deposit Funds

Non-deposit resources (NDR) increased by 27.4% compared to the previous year to reach TL 4,075.5 billion in 2022. The annual rate of growth in NDR had been high throughout the year before rapidly declining in November and December. The rapid fall in the value of the Turkish Lira against other currencies at the end of 2021 sparked a sharp rise in the annual growth rate of the NDR. However, the stable course in exchange rates at the end of 2022 paved the way for a slowdown in the increase in the NDR due to the base effect.

Moreover, while domestic loan interest rates decreased, the increase in the costs of foreign resources also played a part in the decline in the annual rate of growth in the NDR item. Syndication loan payments made in the last quarter of the year also supported the decrease in the annual rate of growth in NDR.

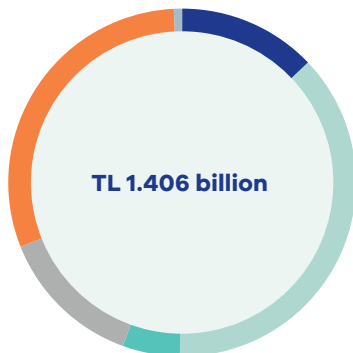
### Shareholder's Equity

The banking sector's shareholders' equity increased by 96.9% compared to the previous year to reach TL 1,406 billion in 2022. The share of equity in total liabilities increased from 8% at the end of 2021 to 10% in 2022, with the high profits in the sector behind the increase in shareholders' equity.

As of December 2022, the leverage ratio of the banking sector, calculated within the framework of the Regulation on Measurement and Evaluation of Banks' Leverage, stood at 7.8%.

The capital adequacy ratio (CAR) indicates the ratio of the sector's equity capital to risk-weighted assets. The CAR increased from 18.39% in 2021 to 19.46% at the end of 2022.

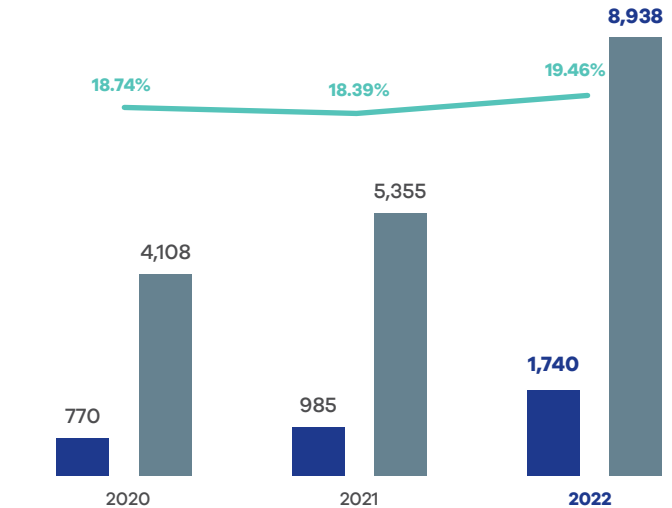
### Equity Components (TL billion)



- Paid-in Capital 184
- Reserves 533
- Fixed Asset Revaluation Differences 76
- Securities Valuation Differences 192
- Period Profit (Loss) 432
- Retained Earnings (Loss) -11

Source: BRSA

### Development of Capital Adequacy Standard Ratio



- Legal Equity (TL billion)
- Risk Weighted Assets (TL billion)
- Capital Adequacy Ratio (%)

Source: BRSA

**In the calculation of capital adequacy, 91% of the risk-weighted assets consisted of amounts subject to credit risk, 5% consisted of amounts subject to operational risk and 4% consisted of amounts subject to market risk.**

The CAR levels realized in deposit, participation, development and investment banks are set out below;

- Tier 1 capital adequacy ratios stood at 19.2%, 20.5% and 23%,
- Common Equity Tier 1 Ratio ratios stood at 15.3%, 14.8% and 19.3%

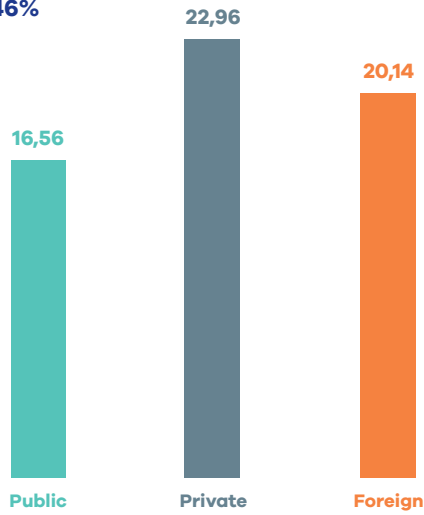
In the calculation of capital adequacy, 91% of the risk-weighted assets consisted of the amount subject to credit risk, 5% consisted of the amount subject to operational risk and 4% consisted of the amount subject to market risk.

Of the gross risk-weighted assets which are included in the calculation of the amount subject to credit risk, a 33% share is given to those with a risk weight of 100% and a 33% share is given to those with a risk weight of 0%.

## BANKING SECTOR

### Capital Adequacy Ratio by Ownership Group (%)

Sector 19.46%



Source: BRSA

### Profitability

The net profit of the banking sector in 2022 increased by 364% on an annual basis to reach TL 431.6 billion. Following the CBRT's interest rate cuts, the widening difference between the domestic funding cost of banks and the cost of fund disbursement on the asset side, the increase in inflation-indexed bonds and the valuation increases in securities were all instrumental in the increase in profit in the sector. The sector's Return on Assets increased from 1.68% at the end of 2021 to 4.85% at the end of 2022.

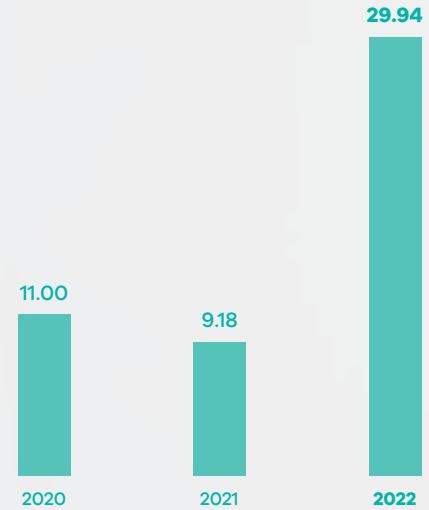
In 2022, there was a significant increase in both interest revenues and non-interest revenues in the banking sector. Total interest (dividend) revenues stood at TL 1,403 billion and total non-interest (non-dividend) revenues stood at TL 312.8 billion, with the annual increase in non-interest revenues reaching historically high levels. Net fees and commission revenues, consisting of fees and commissions obtained from loans and banking services revenues, reached TL 175 billion.

Following the increase in expenditures in line with inflation, the growth in credit card revenues, loans, investment activities and insurance revenues led to an increase in the sector's net fee and commission revenues.

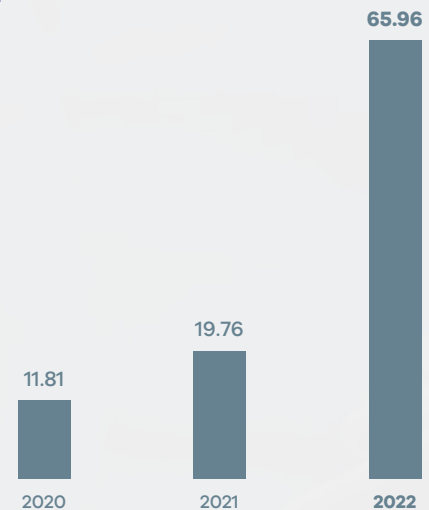
### Return on Equity (%)

Sector 49.92%

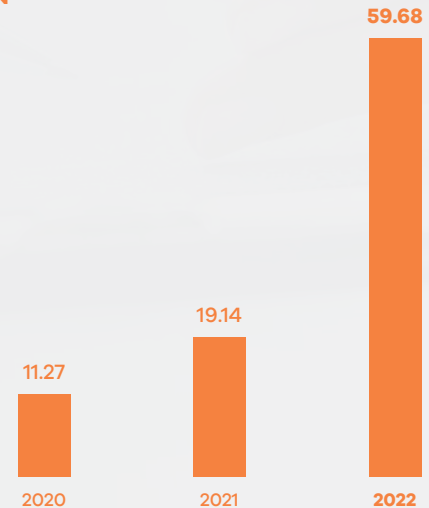
#### PUBLIC



#### PRIVATE



#### FOREIGN



Source: BRSA



### The Digital Transformation in Banking

In order to keep up with the rapid development in technology and changing customer expectations, banks need to constantly improve their existing technological infrastructure and diversify the services and products they offer.

Recognizing that the development of financial technologies will have a direct impact on banks' competitiveness and market shares, banks are carrying out infrastructure work to keep pace with any changes that the banking system of the future will foresee. In this context, innovative digital transformation projects are prioritized and international developments and trends in this field are meticulously followed.

The developments in the internet infrastructure and widespread use of mobile phones and tablets has significantly increased the delivery of financial services through digital channels. Today, banks carry out their activities in line with clear and defined digital strategies in digital banking.

Taking into account the demands and expectations of customers in their digitalization journey, banks have a wide range of products and services that they develop and offer through digital channels by using rapidly changing and developing technological opportunities, and applications that are independent of time and space and easy to use are more preferred by customers.

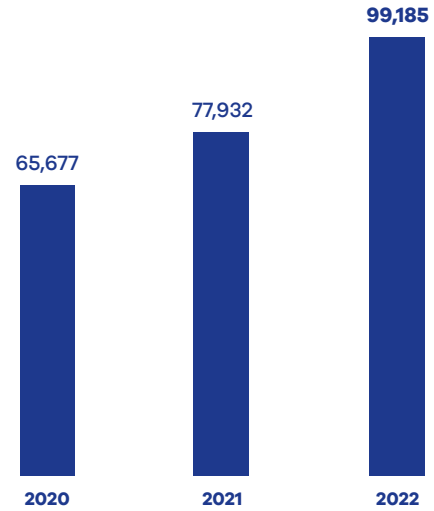
Banks attach more importance to customer feedback on financial applications. They improve their applications by carefully evaluating these suggestions.

As of the end of 2022, there were approximately 100 million active digital banking customers\* in the banking sector, of which 2.5 million were carrying out "only internet banking" transactions and approximately 87 million were carrying out "only mobile banking" transactions. Approximately 10 million users were performing both internet and mobile banking transactions, with an increase of 17 million in the total number of active digital banking customers compared to the previous year.

Approximately 148 million financial transactions had been carried using internet banking as of December 2022 with the total transaction volume exceeding TL 5 trillion. The total number of financial transactions carried out through internet banking increased by 4 million compared to the previous year, with an increase of approximately TL 2 trillion in total transaction volume.

By the end of 2022, the total number of financial transactions made through mobile banking amounted to approximately 2 billion in number and TL 13.7 trillion in volume.

### Number Of Digital Banking Customers (thousand people)



Source: Banks Association of Türkiye, Participation Banks Association of Türkiye

### Investment in new applications and practices to generate equity is vital for the Banking sector in preparing for the future

Advances in technology are reshaping payment systems, capital market transactions, lending and deposit collection transactions. To this end, banks need to capture the change at the speed and standards expected by their shareholders and customers.

Another issue that banks should pay attention to is the proper management of environmental and climate risks. In today's world, where environmental protection is on people's minds more than ever, banks, as a responsible social stakeholder, should determine their practices and investments accordingly.

In order to be prepared for the future and to operate more competitively, efficiently, effectively, responsibly and cost-effectively, the banking sector has to strengthen its physical infrastructure and service network while investing in innovations and generating equity capital.

The prerequisite for sustained financial stability, healthy balance sheet growth and increased support to economic growth is strong capital and efficient use of equity. Thanks to the components of the sector that fulfill this condition, the banking sector will continue to support the growth and welfare increase of our country in the coming periods.

\* The number of individual and corporate customers only using internet banking + the number of customers only using mobile banking + the number of customers using both internet and mobile banking of participation banks are included

## GLOBAL ISLAMIC FINANCE AND BANKING

# USD 4 trillion

### Total assets

**After the initial shocks of the pandemic, the Islamic finance system, which has achieved double-digit growth due to the recovery in economies and its own strong fundamentals, has reached a total asset value of USD 4 trillion with a growth of 17% according to REFINITIV Islamic Finance Development Report 2022.**



While growth was observed across all sectors, positive developments in new and emerging markets such as Central Asia and North Africa support optimism about the sustainability of the growth of the global Islamic finance system.



#### **2021 marks a new milestone for the Islamic finance system**

After the initial shocks of the pandemic, the Islamic finance system, which has achieved double-digit growth due to the recovery in economies and its own strong fundamentals, has reached a total asset value of USD 4 trillion with a growth of 17% according to REFINITIV Islamic Finance Development Report 2022.

According to end-2021 data, there are 1,679 Islamic financial institutions in the Islamic finance system, including banks and interest-free windows within the conventional banking system. Iran, Saudi Arabia and Malaysia continued to be the largest markets in terms of total assets, with asset sizes rising to USD 1,235 billion, USD 896 billion and USD 650 billion, respectively.

Ongoing progress and improvements in these regions, particularly with regard to legislation and capacity building, are largely supported by organizations such as the Islamic Corporation for the Development of Private Sector (ICD) under the Islamic Development Bank (IsDB) Group. With their impressive growth, countries such as Kazakhstan, Tajikistan and Algeria were especially instrumental in contributing to the expansion and deepening of global Islamic finance in 2021.

Larger and more mature Islamic finance markets such as Malaysia, Indonesia and the six countries of the Gulf Cooperation Council (GCC) - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE - continue to strengthen their sectors and remain at the top of the league with developments and innovations in segments such as Islamic fintech, regulatory and sustainability.

\*The Islamic banking window is the department of a conventional bank offering Shariah-compliant financial products and services.





**According to the figures in the REFINITIV Islamic Finance Development Report in 2022, the Islamic finance system grew by 17% with total assets reaching USD 4 trillion.**

Islamic finance is gradually strengthening its presence not only in Islamic or Muslim-majority countries, but also in countries such as the United Kingdom, which has contributed to the development of the system with all its sectors for decades globally. The UK government's second issuance of sukuk in March 2021, and Australia's first fully-fledged interest-free bank obtaining its operating license in July 2022, are just a few of the developments that demonstrate the continuing and growing appeal of Islamic finance.

## Double Digit Growth

Countries outside the core markets posted the strongest asset growth. Russia (with 183% growth), Canada (146%), the United States (138%), the Maldives (121%), Nigeria (101%) and Tajikistan (84%) were the countries to post the highest asset growth. The growth in these countries was mainly driven by interest-free funds, sukuk and Islamic banking.

On a sector-by-sector basis, interest-free funds posted the strongest growth, followed by Islamic banking and takaful. Apart from non-bank financial institutions, which grew by 5%, all Islamic finance sectors and asset classes posted double-digit growth for the second year in a row.

### Many Islamic banks around the world post a recovery in financial performance

Islamic banking continued to be the largest sector in the system, accounting for 70% of total Islamic finance assets in 2021. Its assets amounted to USD 2.8 trillion with a strong growth of 17%.

The Gulf Cooperation Countries (GCC) hold 43% of global Islamic banking assets, followed by other MENA (Middle East and North Africa) region countries (40%).



## GLOBAL ISLAMIC FINANCE AND BANKING

On a country-by-country basis, the most rapid growth was seen in Tajikistan (84%), Iran (45%), Burkina Faso (27%) and Ethiopia (26%), with the highest growth rates realized outside the core markets. This indicates that new markets are growing while core markets are maturing.

In 2021, Islamic banks reaped the reward of implementing prudent financing policies and reducing loan loss provisions by significantly increasing their net income. The net profit of Islamic banks around the world grew by 290% in 2021. Banks in many countries achieved strong performances with a high average return on assets.

**Three main factors underpinned the growth in the sector; the government support provided to the sectors affected by the pandemic, achieving operational efficiency through initiatives such as branchless banking and partnerships with fintechs, and the continuing high demand for Islamic banking.**

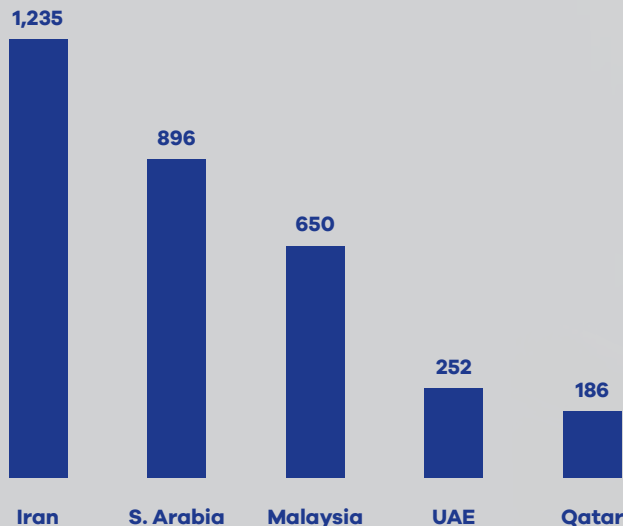
The Islamic finance sector continues to be strengthened by a process of consolidation. The acquisition of the conventional Ahli United Bank of Bahrain by the Kuwait Finance House (KFH) has reached its final stage, with the consolidated bank being among the largest Islamic banks in the world. It will also merge with KFH's Bahrain subsidiary to become the largest bank in Bahrain. Moreover, Kuwait's Gulf Bank, which is 6<sup>th</sup> in the country ranking in terms of assets, is moving towards a merger with Al Ahli Bank as demand for Islamic banking increases.

Islamic banking was practiced in 76 countries in 2021. The award of the licence to Australia's first Islamic bank, Islamic Bank Australia in July 2022 serves as a good example of the strong demand for Islamic banking in countries outside the core markets.

This bank will provide digital services. Many similar banks are operating in other non-Muslim countries such as Germany and the UK. The UK is home to Nomo, the world's first international digital Islamic bank founded by the Kuwaiti Boubyan Bank Group. The country's oldest retail Islamic bank, Al Rayan, closed its last physical banking branch in the UK in August 2022 and directed its customers to its digital app. In the USA, Fardows, an Islamic finance compatible neobank, entered operation in July 2021.

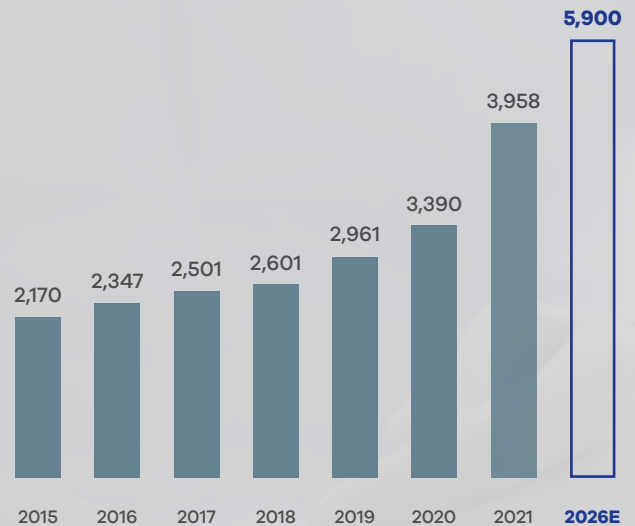
Digital Islamic banks are also operating in other parts of the world. There were 29 applications for digital banking licenses in Malaysia in 2021, while Bank Negara Malaysia

Islamic Banking Assets, Top 5 Countries (USD billion)



Source: Refinitiv

Development of Islamic Financial Assets (USD billion)





approved five licenses in April 2022, two of which were for Islamic digital banks. Al Rajhi Bank, Malaysia's national neobank, will be operational with its existing banking license. In July 2022, Malaysian Boustead Holdings signed an agreement with Turkish firm Great East Capital to establish Türkiye's first participation neobank. In Türkiye, three participation-based digital banks were authorized for establishment in 2022: Hayat Finans Participation Bank, Kasa Participation Bank and TOM Participation Bank.

**The Philippines, Russia and Algeria are planning to make the leap into Islamic banking.**

Countries that have a limited number of Islamic banks and are preparing to make a breakthrough in this field as of 2023 are noteworthy. It is known that the Bangko Sentral ng Pilipinas (BSP) of the Philippines plans to allow Islamic banking units (IBUs) and is making regulations in this regard.

**Digital banking is gaining momentum in Islamic financial markets outside the core markets.**

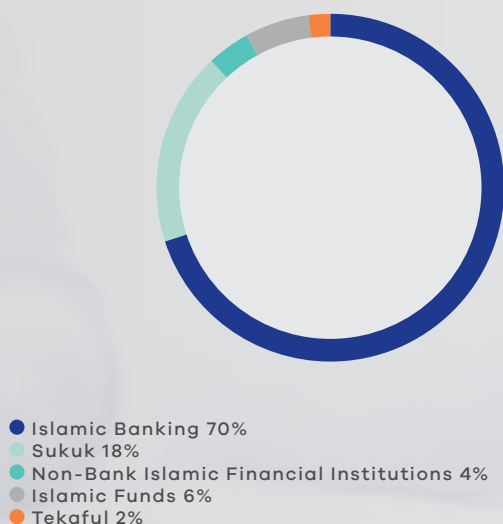
Affected by sanctions in Central Asia, Russia plans to legalize Islamic banks in four of its states, according to the Russian State Duma's Financial Market Committee. In North Africa, the high demand for Islamic finance products such as housing finance in Algeria has led many conventional banks, including Banque National D'Algérie, Banque Extérieure d'Algérie and Banque de Développement Local, to open interest-free windows. The Islamic finance sector in Algeria is expected to grow with the introduction of takaful products to complement interest-free banking services.

**Central banks providing tools for a more comprehensive Islamic banking system**

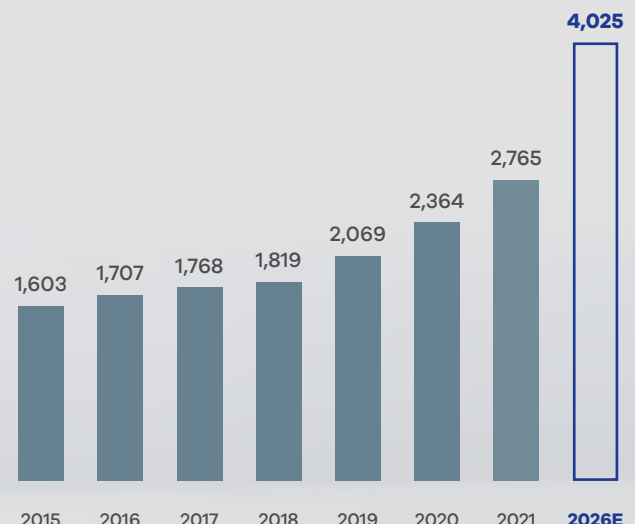
LIBOR (The London Inter-Bank Offered Rate) will be phased out starting from 1 January 2022 and will be replaced by Risk-Free Rates (RFRs). In response to this, the Bank Negara Malaysia implemented the Malaysian Islamic Overnight Rate (MYOR-i) in March 2022, which is considered to be the central bank's first step towards implementing a transaction-based interest-free benchmark rate. The Bank Negara Malaysia believes this will encourage the development of interest-free financial products in the country.

The Sultanate of Oman has announced its plan to bring Islamic money market instruments to the market in order to meet the liquidity demands of local Islamic banks. This move will bring Islamic banks to the level of conventional banks.

Distribution of Islamic Finance Assets (%)



Development of Islamic Banking Assets (USD billion)



## GLOBAL ISLAMIC FINANCE AND BANKING

### Strengthening of the Takaful sector with consolidation and the opening of new markets

The takaful sector is the smallest, accounting for only 2% of total global Islamic finance assets at USD 73 billion. In 2021, the sector recorded double-digit growth of 17% year-on-year. The sector is highly competitive between Islamic operators and their conventional counterparts, especially in regions such as the GCC.

One of the factors driving the competition is the increase in medical and motor vehicle claims affecting markets such as Saudi Arabia, where many takaful operators posted losses.

The takaful sector is going through a process of consolidation. Mergers and consolidations are expected to reduce the fixed costs of the operators in the sector.

In Bahrain, Solidarity completed its merger with T'azur in January 2022. In July 2022, Dar Al Takaful and the UAE-based Watania merged to form one of the leading operators in the insurance market. In Saudi Arabia, SABB Takaful and Walaa Insurance obtained approval to merge from the regulatory authority in August 2022.

### New markets expected to enter the Takaful sector

By 2021, 335 takaful companies operated in 47 countries. More operators and countries will join the industry from 2022 onwards as new regulations come into force. In the Philippines, the Insurance Commission issued guidelines for takaful windows in February 2022, and Tanzania's regulatory rules come into force in May 2022 entered.

In Central Asia, where Tajikistan is one of the fastest growing Islamic banking markets, the introduction of takaful will support the region's Islamic finance industry. In North Africa, where there are 33 takaful operators, including windows, takaful operators started operating rapidly in Algeria in 2022, following regulatory approval.

In Morocco, Takaful activities gained momentum after the country's takaful law entered effect in 2019 and after takaful products were approved by the country's central Islamic law board. The number of takaful operators and windows started to increase rapidly. So far, six banks have received approval for bancatakaful from the Insurance and Social Welfare Supervision Agency.

### Major regulatory changes in Indonesia and Malaysia to strengthen governance and unveil potential

Indonesia is the fifth largest takaful market in the world, with assets worth USD 3 billion. Takaful in Indonesia operates mainly through interest-free windows, and the expansion of the sector is driven by the growth of Islamic banking in the country. While takaful windows are required to transform into independent institutions by October 2024, progress has been slow, largely due to high expenses and capital requirements.

Malaysia ranks as the third takaful market with USD 12 billion in takaful assets. The country is undergoing a transformation in the takaful sector. As a regulatory body, Bank Negara Malaysia aims to radically change the way insurance contracts are measured and accounted for, based on actuarial calculations. In addition, digital licenses are also planned to be introduced to the sector.



**A total of 335 takaful firms were operating in 47 countries in 2021. More operators and countries will join the sector as of 2022 as new regulations enter force.**



### Non-bank Islamic financial institutions record their fastest growth outside core markets

Non-bank interest-free financial institutions, including financial technology companies (fintechs), investment firms, financing firms, financial leasing and microfinance firms, brokers and stock market brokers grew by 5% in 2021, obtaining USD 169 billion in assets, maintaining a 4% share in total assets.

In 2021, the total number of non-bank Islamic financial institutions globally was 793 (including Islamic fintech firms but excluding technology providers). One of the main growth drivers for the sector is the growing number of Islamic fintechs. Saudi Arabia, the largest economy in the Middle East, plans to almost triple the number of fintechs from 82 to 230 by 2025, signaling a positive development for the sector's medium-term growth.

Some of the more impressive annual expansion in the assets of non-bank Islamic financial institutions were recorded in Kazakhstan (44%), Egypt (38%) and the Maldives (31%). These increases bode well for the segment, as Egypt and Kazakhstan are home to large Muslim populations and are emerging countries in the global Islamic finance sector. Other healthy growth markets are Indonesia (18% growth), Saudi Arabia (17% growth) and Qatar (16% growth).

A core market group dominated the non-bank Islamic finance sector in 2021. The top five ranking countries in terms of assets (Malaysia, Iran, Saudi Arabia, Qatar and Kuwait) alone accounted for 88% of global assets. In addition, ten countries maintained more than USD 1 billion in non-bank Islamic finance assets.



As regards Islamic microfinance, Tunisia's non-bank Islamic finance assets have recorded a huge jump from less than USD 1 million to USD 60 million in just one year. This exceptional situation was primarily due to a large microfinance institution entering the domestic market. Other countries in Africa are also adopting interest-free microfinance.

In Egypt, the Financial Regulatory Authority (FRA) granted the first license to a financial institution to provide Islamic microfinance services. Yonna started operations as Gambia's first full-fledged Islamic microfinance institution. In South Asia, two of the ten microfinance banks in Pakistan started offering interest-free services.

The Islamic micro-, small and medium-sized firms (MSMEs) segment has also attracted the attention of the payment giant, Visa, which has collaborated with the Singapore-based Hoolah to provide an interest-free Buy Now Pay Later (BNPL) solution in 2021.

Interest-free BNPL solutions have also expanded. In 2021, the Saudi-based BNPL providers, Tamara and Tabby, received clerical approval with the Malaysia-based Split Pay obtaining the compliance with Islamic finance approval for its point-of-sale (POS) payment solution.

### Strong development in digital innovation in the Islamic finance sector

With many Islamic fintech startups sprouting up in Southeast Asia and the Middle East, the process of digital innovation and transformation has gained momentum.

The top five countries in terms of the number of Islamic fintechs were Saudi Arabia, Indonesia, UK, Malaysia and Kazakhstan. These countries alone account for 70% of the world's interest-free fintechs (excluding technology providers).

## GLOBAL ISLAMIC FINANCE AND BANKING

According to DinarStandard and fintech Ellipses data for 2022, the transaction volume in the global Islamic fintech market was estimated at USD 79 billion in 2021 and is expected to grow at an average of 18% per year to reach USD 179 billion by 2026.

Providing interest-free financial services, fintechs offer basic banking services which are provided by Islamic banks, such as financing, mobile payments or asset management. Fintechs also offer a wide range of innovative services such as crowdfunding, P2P (Peer-to-Peer) lending, digital assets, robo-advising, social finance, integration. Wakala, Ijara and Murabaha continued to account for the majority of sukuk structures. In particular, the trend towards sukuk with maturities of five years or longer to secure favorable borrowing costs is noteworthy.

As in previous years, sovereign and quasi-sovereign sukuk accounted for the majority of issuances in 2021, with USD 45.7 billion of corporate sukuk issuances against USD 120 billion of sovereign sukuk and USD 36.5 billion of quasi-sovereign sukuk. For corporate issuers, the capital raising environment has been less favorable due to continued high issuance costs.

While core markets continue to drive sukuk growth, Saudi Arabia is rapidly closing the gap with the leader Malaysia.

In 2021, Malaysia, Saudi Arabia, Indonesia and Kuwait realized 78% of the total sovereign sukuk supply in the GCC and Southeast Asia. Together with Türkiye, these countries were the top five issuers of sovereign sukuk in 2021.

### Issuances in non-core sukuk markets such as Bangladesh, Egypt, Jordan, Maldives, Nigeria and the United Kingdom indicate strong global interest as investor demand remains high.

The Saudi government's Sukuk Issuance Program is one of the drivers underpinning the continued high level of government issuances. Launched in 2017, the Program amounted to USD 98.9 billion by the end of 2021. The main motivation of the GCC government issuers is the financing of large projects for infrastructure and sustainable development and green-oriented initiatives.

Total sukuk issuance in Saudi Arabia increased by 31% from USD 38 billion in 2020 to USD 49.9 billion in 2021. Malaysia, a more mature sukuk market, recorded 11% growth in the same period. Apart the different level of maturity in each market, Saudi Arabia's faster growth can be explained by the strong supply of government issuances.

On the other hand, the Aramco sukuk - the largest corporate sukuk issuance in 2021 - supported Saudi Arabia's growth in the general sukuk market.

Issuances in non-core sukuk markets such as Bangladesh, Egypt, Jordan, Maldives, Nigeria and the United Kingdom indicate strong global interest as investor demand remains high.

In 2021, a total of USD 16.5 billion in ESG (environmental, social and governance) sukuk were issued in the market, with ESG sukuk issuance reaching a new peak of USD 6 billion in 2021. Major issuers were Saudi Arabia, Indonesia and Malaysia, each issuing more than USD 1 billion in ESG sukuk.

Sovereign issuances continue to dominate ESG sukuk issuance. These three countries are by far the leaders in this segment, which is expected to continue to grow, especially with the expansion of ESG investments to help finance green and sustainability transition projects.

### The second-best year for global sukuk issuance

Despite a relative decline in total issuances, the issuance amount exceeded market expectations to reach USD 193.9 billion in 2022, the second highest year after 2021.

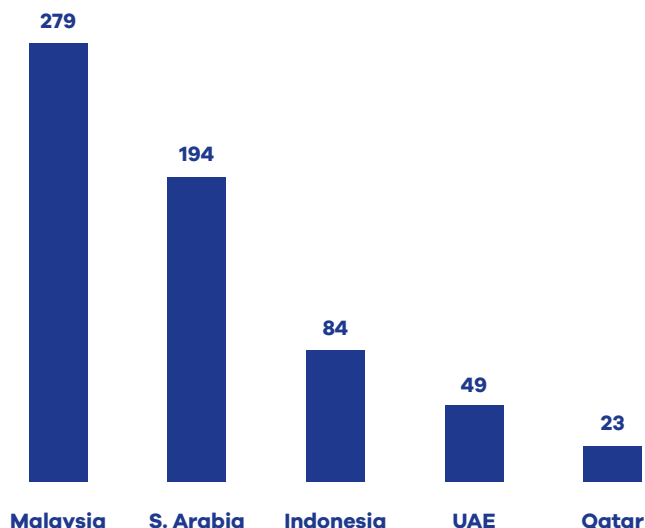
Despite this success, diminishing and more expensive global liquidity due to tight monetary policies and rising interest rates, increasing complexity in sukuk legislation and decreasing financing needs in some core markets are the main reasons for the weakening sign in sukuk issuances.

There are persisting concerns that overall sukuk sales will decline unless regional firms increase supply, as states are expected to gradually reduce issuances in Islamic markets, particularly in the GCC region, given the significant rate hikes and declining returns.

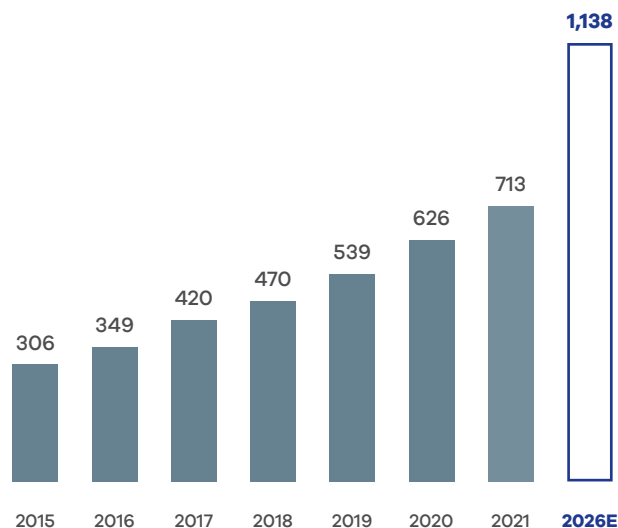
Especially in countries such as Saudi Arabia, where economic transformation programs are progressing steadily, corporate firms are expected to contribute to sukuk issuances.



Sukuk Issuances, Top 5 Countries (USD billion) - 2022



Development of Sukuk Issuances (USD billion)



Source: Refinitiv

## Türkiye is currently the fourth largest issuer of sukuk after Malaysia, Saudi Arabia and Indonesia, and ahead of Kuwait and Pakistan.

Moreover, continued momentum has been observed through the energy transition among issuers in core Islamic finance markets and increased awareness regarding environmental, social and governance issues.

Africa has become a sukuk continent and a key player in this field with sukuk transactions issued in Gambia, Nigeria, Tanzania, Senegal, Egypt and South Africa.

Of the 20 countries that witnessed sukuk issuance in 2022, seven are in Africa, 12 in Asia and two in Europe, making Africa the second largest sukuk issuer after Asia.

However, the sukuk market appears to be lagging behind the conventional market when it comes to deploying digital tools and automation that could accelerate the growth and increase the attraction of the process.

### Green and sustainable sukuk reaches a new peak as ESG-focused investors drive demand

In 2022, despite market volatility, the issuance of green and ESG sukuk recorded 35% annual growth to reach USD 8.1 billion. This leap was driven by sustainable growth and the phenomenal rise in the sukuk issuances in Africa. These trends are expected to serve as a long-term catalyst for continuous growth.

Notable issuances include Saudi National Bank, the kingdom's largest lender, which issued its first sustainability sukuk in January 2022 for USD 750 million, followed by Riad Bank, which issued an additional Tier 1 sustainability sukuk for USD 750 million, and the first sustainable AT1 sukuk worldwide.

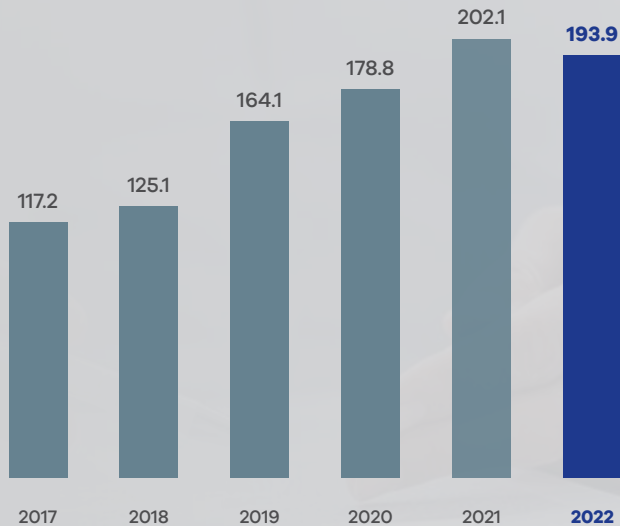
In other markets, banks started to issue their first sustainability sukuk following the publication of their sustainability frameworks and in line with their governments' roadmap towards net zero.

Infracorp in Bahrain realized a sukuk of USD 900 million, which is the first green sukuk issued by a Bahraini organization to be traded on the London Stock Exchange.

Sustainability Engineered launched the first bank in the country to issue sustainability sukuk with an issuance of USD 750 million.

## GLOBAL ISLAMIC FINANCE AND BANKING

Development of Sukuk Issuances (USD billion)



Source: Refinitiv

South Africa's Agrarius Sustainability Engineered launched the first interest-free finance-compliant sustainability sukuk in Africa's agribusiness value chain, listed on the Johannesburg Stock Exchange (JSE), amounting to 10 billion Rand.

Türkiye is currently the fourth largest issuer of sukuk after Malaysia, Saudi Arabia and Indonesia, and ahead of Kuwait and Pakistan.

Malaysia remained the world's largest issuer of sukuk, while Saudi Arabia ranked first in terms of total issuances and average issuance size in 2022.

### Sukuk market being supported by regulatory developments oriented towards sustainability

Major Islamic financial markets continue their work to improve sustainability through different regulations. For example, the Saudi Arabian stock market published its ESG information guide in October 2021 in a bid to increase the sustainability of the capital market consisting of more than 200 companies. This was in line with the Vision 2030, which positions sustainability as a key pillar.

In Malaysia, the Securities Commission launched a sustainable and responsible investment themed sukuk framework in June 2022 as part of the sustainable and responsible investment roadmap launched in 2019 under the Capital Market Master Plan 3 and is preparing the Taxonomy framework.

In July 2021, the Sultanate of Oman Capital Markets Authority announced that it had developed a sukuk regulation that will also cover sustainable and responsible investments including but not limited to social (foundation), sustainable, green and blue sukuk. Türkiye is also working on green sukuk. The Finance Office of the Presidency of the Republic of Türkiye published the Green Sukuk Working Report in Türkiye in May 2022. In Pakistan, the Securities Exchange and Commission (SECP) started working on the regulatory framework for green sukuk as of 2021. The Commission issued the Asset-Backed Securitization Regulation in December 2022, which will allow Special Purpose Vehicles\* (SPVs) to issue sukuk other than other debt securities. In February 2022, Kuwait issued regulations for new types of bonds, including green bonds and sustainable sukuk with a social impact.

\*A Special Purpose Vehicle (SPV) is a subsidiary created by a parent company to isolate financial risk.



**In other markets, banks started to issue their first sustainability sukuk following the publication of their sustainability frameworks and in line with their governments' roadmap towards net zero.**

**Strengthening and growth in Islamic funds**

The Islamic funds sector grew by 34% in 2021, reaching USD 238 billion in assets under management, outpacing the 22% growth in 2020. Islamic funds are the third largest sector with a 6% share of total assets.

The money market and capital are the largest asset classes in Islamic funds. The funds are originally managed by asset managers located in 29 countries, some of which are based in offshore centers such as Luxembourg and Jersey.

Just three countries - Iran, Saudi Arabia and Malaysia - account for a significant 81% of total global Islamic funds.

The growth in 2021 was supported by the launch of 223 Islamic funds in different parts of the world. Malaysia ranked first with the launch of 115 Islamic funds. Furthermore, the volume of assets under the management of Islamic funds located in 17 countries grew positively on an average cumulative basis, with the highest growth in India and Oman. Most of the fast-growing funds are equity funds based in Saudi Arabia, where some of the funds have posted around 50% growth.

Overall, Islamic funds invested mostly in money market and equity funds. Equity funds showed the most resilience in 2021, although there were occasional declines due to uncertainties such as disruptions in global supply chains. As the pandemic eased in 2021, investors shifted towards sectors such as energy and away from high-growth sectors in 2020, such as technology.

Interest-free exchange traded funds (ETFs), one of the major segments with USD 18 billion in assets under management, have experienced a contraction in assets despite receiving more attention in recent years. This is because it invests in gold. Gold, which experienced a turbulent period in 2021 due to high bond and dollar yields, benefited from inflation uncertainty and market fluctuations, and showed its positive impact on fund assets with its rising performance in 2022.

The geographical reach of Sharia-compliant ETFs continues to expand with Australia following Canada in gearing up for the launch of its first Sharia-compliant ETF.

Russia launched its first interest-free ETF through Sber Asset Management, the asset management arm of Sberbank.

Interest-free pension funds remain relatively small in scale compared to interest-free investment funds, with only a limited range of Sharia-compliant pension options individuals seeking such products. According to Refinitiv, Islamic pension funds provided by asset managers amounted to USD 1.1 billion at the end of 2021. New Shariah-compliant pension fund ventures are being closely followed in different countries in order to meet the demand.

**It is also witnessing new ecosystem-based developments shaping the Islamic asset management industry.**

A number of new Islamic indices such as the FTSE IdealRatings Islamic Index Series and IdealRatings were launched in 2022. In addition, Saudi Arabia launched its first Islamic index, the Tadawul Islamic index, in July 2022. This was part of its plans to place the Kingdom as a global hub for Islamic finance, as set out in the Financial Sector Development Program for Vision 2030.

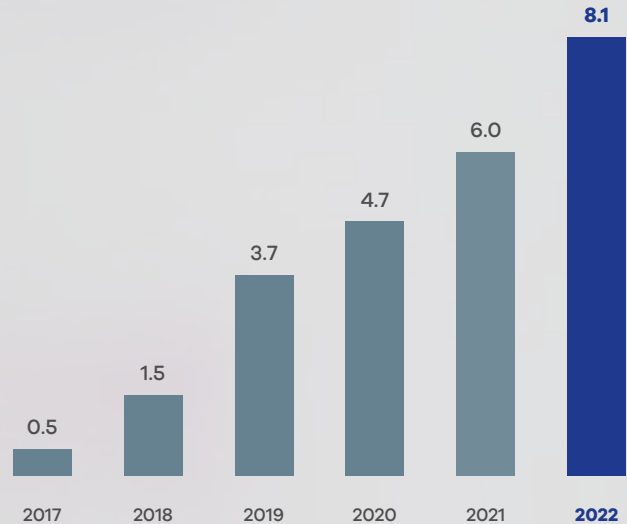
The launch of these indices is expected to help asset managers compare performance with interest-free portfolios, and will benefit the sector's growing number of investors.

The sector is also witnessing the entry of new players backed by major Islamic banks. With economic growth gaining momentum in different countries, some major Islamic financial institutions in the GCC are setting up asset management companies. In April 2022, Qatar Insurance Company and QInvest announced the establishment of an interest-free asset management company, while Abu Dhabi Islamic Bank announced the establishment of an asset management company.

## GLOBAL ISLAMIC FINANCE AND BANKING

**Assets managed in interest-free ESG funds increased from USD 6.1 billion in 2020 to USD 7.5 billion at the end of 2021.**

**ESG Sukuk Issues Development (USD billion)**



Source: Refinitiv

**As with sukuk, ESG funds have reached a remarkable point in the development of Islamic finance.**

The growth in interest-free environmental, social and governance (ESG) investment funds has gained momentum on the back of sustainability awareness triggered by the pandemic and climate crisis, and have had a leveraging effect on the development of the sector.

Assets managed in interest-free ESG funds increased from USD 6.1 billion in 2020 to USD 7.5 billion at the end of 2021.

Malaysia is home to some significant Islamic funds. The Employees Provident Fund (EPF) is Malaysia’s largest fund offering interest-free and conventional solutions. The EPF is the government’s compulsory pension fund for private sector employees. It was announced that the EPF

will become a fully ESG compliant portfolio by 2030 and will have a carbon neutral portfolio by 2050. Accordingly, it will appeal to investors focused on sustainability, setting an important example in terms of the horizon of ESG funds.

Corporate Social Responsibility (CSR) funds issued in 2021 remained almost unchanged compared to 2020, standing at USD 1.2 billion. Zakat and aid funds account for 88% of this total amount, with Qard al-Hasan comprising the remainder. Notable initiatives taken by the Islamic banks in Malaysia, the most active market, include iTEKAD, which mobilizes social finance such as foundations (Wakf), zakat and sadaqah (charity) for micro-entrepreneurs. The initiative was first launched in response to the Covid-19 pandemic in May 2020, and expanded with iTEKAD 2.0 in 2021. The program was supported by three Islamic banks and assisted 172 micro-entrepreneurs in 2021.

**A global economy constantly facing a crisis environment...**

Although the sector was able to overcome the direct effects of the pandemic, it faces another challenge with the effects of other developments in 2022.

The Russian invasion of Ukraine caused both Brent and WTI oil prices to rise above USD 100 per barrel. Despite some easing in oil prices towards the end of the year, the impact of rising energy prices continues to be felt.

Islamic finance players tackled disproportionate levels of inflation in some economies in 2022 due to rising commodity prices. The tight monetary policy applied by central banks in tackling inflation and the aggressive interest rate hikes hindered the financing processes.

**The IFDI predicts that the global Islamic finance sector's assets will reach around USD 5.9 trillion by 2026. Interest-free banks and sukuk will be the main driving forces of this growth.**

Countries such as Malaysia, the UAE and Saudi Arabia, where Islamic finance has reached systemic importance, have also raised policy interest rates. The UAE and Saudi Arabia are also countries to have pegged their currencies to the USD.

Since the beginning of 2022, the Islamic finance sector has been affected by the depreciation in the currencies of some major interest-free financial markets such as Iran, Pakistan, Sudan and Türkiye.

Since the end of 2022, economies continue to be shaken by the Russia-Ukraine war, which has affected energy prices and caused disruption to the global supply chain. Inflation also remains a major concern for most countries.

The IFDI predicts that the global Islamic finance sector's assets will reach around USD 5.9 trillion by 2026. Interest-free banks and sukuk will be the main driving forces of this growth.

Several large-scale national plans and development roadmaps will provide impetus to the Islamic finance sector, with examples of such actions in Afghanistan, Brunei, Indonesia, Kazakhstan, Labuan, Malaysia, the Sultanate of Oman, Pakistan and Saudi Arabia.

Important developments in North Africa where Islamic banking and takaful lead the growth will also contribute to the further advancement of Islamic finance.

The other region to watch out for is Central Asia, where countries such as Tajikistan, one of the fastest growing Islamic banking markets in 2021, will launch the takaful sector. In the region, Kazakhstan is also rapidly expanding its Islamic finance footprint with strong growth in non-bank financial institutions, especially fintechs.

The accelerating trend towards green and ESG sukuk, the strengthening of Saudi Arabia's presence in the sukuk market, Africa's continuing rise in sukuk and the emergence of new players in the market are expected to be the main lines in the outlook for the sukuk market in 2023.

Inflationary pressures have a negative impact on the supply of sukuk by raising benchmark rates and the cost of financing. On the other hand, rising oil prices will add to budgetary pressures in Malaysia and other key Islamic financial markets such as Indonesia and Pakistan and have a positive impact on sukuk demand in the coming period, despite the possibility of a slowdown in issuances in the GCC markets in the short term.

The expectation of momentum for sustainability-themed bonds and sukuk, especially green sukuk, is based on the implementation of decarbonization plans carried out by companies and the need to finance green projects.



Government-affiliated institutions and banks in the GCC and other MENA regions are stepping up their efforts in this field after the COP27 in Egypt and ahead of COP28 in the UAE.

According to Refinitiv data, the issuance of sukuk is predicted to reach USD 257 billion by 2027, with a buoyant outlook expected for the market over the next few years.

Sources

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## THE PARTICIPATION BANKING SECTOR

TL **1,187.6** billion

### Total Assets of Participation Banks

**Today, participation banks, which are growing in the world banking sector and operating in line with Islamic principles, support the utilization of idle funds in the economy with interest-free financing models and contribute to economic development.**



not want to participate in activities which involve interest, due to religious sensitivities or the distorting effects of interest on income distribution.

Participation banks, like other actors in the financial system, are institutions which have a place in the financial sector, finance the real economy and provide banking services. However, the reason for the emergence and existence of participation banks is that they do not include the phenomenon of "interest" in return for any activity or service; in other words, they adhere to the principle of "no interest". This principle revolves around not promising to provide any fixed income when collecting funds from savers and when making funds available; instead of direct cash payment, it is based on the principle of buying the required commodity in cash, selling it on a deferred basis, leasing it or forming a partnership with the business owner on a project basis.

Today, participation banks, which are growing in the world banking sector and operating in line with Islamic principles, support the utilization of idle funds in the economy with interest-free financing models and contribute to economic development.



**With the mission of contributing to production and the real economy, participation banks are indispensable elements of the financial system.**

A healthy and strong financial system and banking system are the main pillars of a globalizing and growing economic system. The assessment of savings, the provision of the collected resources as financing support to the economy and the mediation of financial transactions in the process of economic activities are the activities that make up the banking system. Interest-free banking or participation banks offer an important alternative in the financial system in terms of the participation of individuals and societies which do



**Participation banking activities in Türkiye started following the decision taken by the Council of Ministers in 1983.**

**Participation banks support the introduction of idle funds to the economy with interest-free financing models.**



**Participation banks, like other actors in the financial system, are institutions which have a place in the financial sector, finance the real economy and provide banking services.**

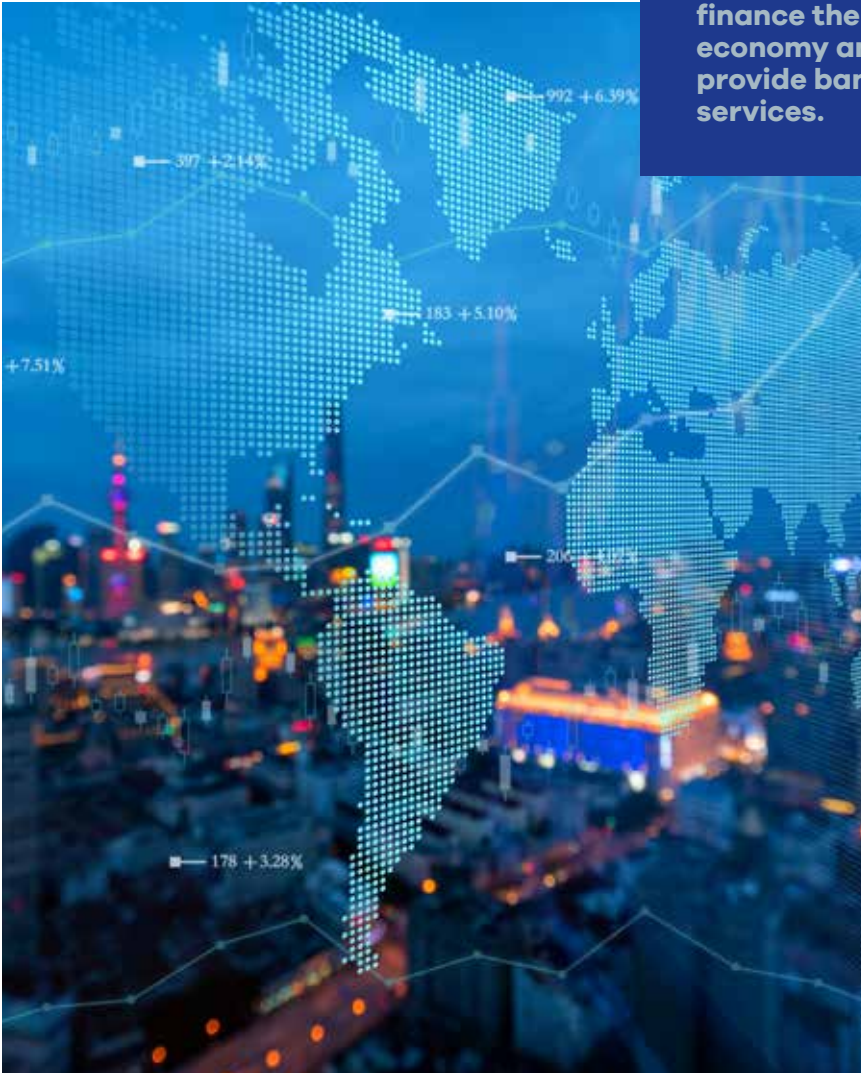
#### **No interest**

However, the reason for the emergence and existence of participation banks is that they do not include the phenomenon of "interest" in return for any activity or service; in other words, they adhere to the principle of "no interest".

Participation banking activities in Türkiye started one year after the establishment of "Private Financial Institutions" was permitted by the decree of the Council of Ministers in 1983, gained momentum in the 1990s, and were included in the scope of the Banks Act in 1999.

With the publication of the Banking Law No. 5411 in 2005, Private Financial Institutions operating in the sector for more than 20 years changed their names to become a "Katılım Bankası" (Participation Bank).

Participation banking, which underwent organizational and structural development processes at both a national and global level in the 2000s, gained a more qualified and strategic position with the spread of participation finance activities to areas such as financial product development, portfolio management and private pensions. Since the mid-2010s, with the addition of public enterprises, the participation banking sector has expanded gradually with steady growth momentum.





## THE PARTICIPATION BANKING SECTOR



**Participation banking offers a very important alternative in terms of reducing systemic risks and establishing a close relationship between the real sector and the financial sector, as it is asset-based and based on risk sharing.**







**Ziraat Katılım was established in 2015 as the first public participation bank, with the aim of increasing the share of participation banking in the sector.**

## As of the end of 2022, six participation banks were operating in Türkiye.

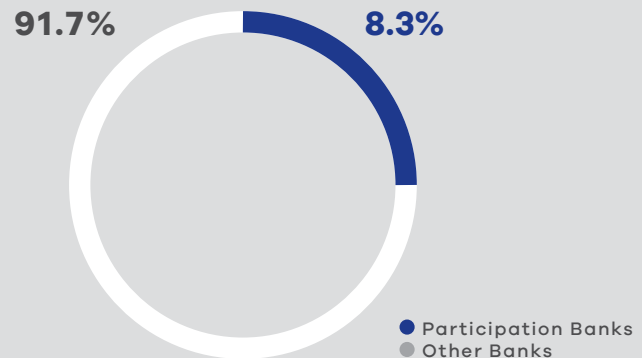
The first participation bank (then referred to as a Private Finance House) in Türkiye was Albaraka Türk, which was founded in 1984. Kuveyt Türk was subsequently established in 1989 and Türkiye Finans was established in 2005. The main shareholders of all three participation banks are foreigners.

In 2015, the government established Ziraat Katılım, the first public participation bank, in a bid to increase the share of participation banking in the sector. Vakıf Katılım was established in the same year and was granted permission to operate in 2016. In 2019, another new public participation bank entered the sector, with Emlak Katılım established to operate in the housing sector in particular.

Participation banking offers a very important alternative in terms of reducing systemic risks and establishing a close relationship between the real sector and the financial sector, as it is asset-based and based on risk sharing. Participation banking, which is much newer than conventional banking, aims to maintain the rapid growth momentum it has achieved in recent years and to bring its share in the financial system to its rightful place.

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**Participation Banks  
Share in Financial System (31 December 2022)**



## THE PARTICIPATION BANKING SECTOR

In the new period, business models that focus only on profit are losing momentum. In this environment, the participation finance system, with its unique structure, has strengthened its position as a sustainable and innovative alternative within the existing economies. The participation finance sector embraces sustainable finance models with the mission of contributing to production and the real economy, and it is predicted that it will have a transformative effect on the social and economic structures in our country.

### Participation Banks by Numbers

At the end of 2022, six participation banks were operating in Türkiye; Albaraka Türk, Kuveyt Türk, Türkiye Finans, Ziraat Katılım, Vakıf Katılım and Emlak Katılım. The total number of domestic and international branches of the six participation banks operating in Türkiye increased by 5.2% to reach 1,379 in 2022. The branches of participation banks accounted for about 12.5% of the total branch network of the banking sector. As of the end of 2022, the total number of employees working in participation banks increased by 4.2% compared to the previous year to reach 17,868.



### Development in the Number of Participation Bank Branches and Employee (2012-2022)

Year	Number of Branches	Growth (%)	Number of Employee	Growth (%)
2012	828	21	15,356	11
2013	965	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
2019	1,179	5.1	16,040	2.5
2020	1,255	6.4	16,849	5.0
2021	1,311	4.5	17,147	1.8
2022	1,379	5.2	17,868	4.2

Source: BRSA

## Participation Banking is an innovative alternative with its unique structure

### Internet Banking Data of Participation Banks (2022)

Number of Active Clients	200,400
Business Volume (TL million)	737,971

Source: Participation Banks Association of Türkiye

### Mobile Banking Data of Participation Banks (2022)

Number of Active Clients	4,226,099
Business Volume (TL million)	2,157,649

Source: Participation Banks Association of Türkiye

### Alternative Distribution Channels Data of Participation Banks

Product/Service (per)	2020	2021	2022
ATM	2,296	2,344	2,263
Credit Card	1,241,894	2,037,383	2,344,693

Source: Participation Banks Association of Türkiye

## Participation Banks

### Internet Banking Transaction Volume

**737,971**  
(TL million)

### Mobile Banking Transaction Volume

**2,157,649**  
(TL million)

### Number of Credit Cards

**2,344,693**  
(card)



## THE PARTICIPATION BANKING SECTOR

### Customer Acquisition through Remote Access by Participation Banks (2022)

	Number of Applications	Number of Customer Acquisition	Success Rate (%)
January	33,641	15,644	46.5
February	28,561	11,728	41.1
March	32,857	15,915	48.4
April	31,691	14,752	46.5
May	32,676	15,945	48.8
June	29,842	14,232	47.7
July	27,557	13,159	47.8
August	36,771	15,842	43.1
September	54,078	22,913	42.4
October	49,448	21,558	43.6
November	55,200	24,051	43.57
December	59,822	26,599	44.46

Source: Participation Banks Association of Türkiye

### The continued contribution of participation banks to the Turkish economy in 2022

Participation banks continued to provide a multifaceted contribution to economic growth in 2022.

Participation banks command an increasing share in the development of the banking system with their role in bringing idle funds into the system, which could hitherto not be brought into the financial system, regulating income distribution, recording informal economic activities, transferring resources to the real sector and increasing employment.

There were significant increases in participation banks' total assets, deposits and loans in 2022, as well as in the sector's share in the banking system.

The unconsolidated total asset volume of the six participation banks operating in Türkiye increased by 65.6% in 2022 compared to the previous year to reach TL 1,187.6 billion.

The net profit of participation banks increased by 442.9% to TL 29.7 billion in 2022. Total shareholders' equity, on the other hand, increased by 132.3% to reach TL 84.3 billion.

### Key Indicators of Participation Banks (TL million)

	2021	2022	Change %
Total Funds Collected	556,418	891,066	60.1
- Funds Collected TL	148,867	454,852	205.5
- Funds Collected FC	318,294	337,800	6.1
- Funds Collected Precious Metals	89,257	98,414	10.3
Funds Allocated *	369,353	643,814	74.3
Total Assets	717,338	1,187,613	65.6
Shareholder's Equity	36,310	84,334	132.3
Net Profit	5,468	29,686	442.9

\*Total Funds Collected includes Funds Collected in TL and FC and Precious Metal Deposit Accounts in TL and FC

Source: BRSA

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Participation banks continued to provide cash and non-cash financing support to SMEs, which play an important role in increasing employment and production in our country, under favorable conditions in 2022. With the work they carry out in this direction, participation banks aim to contribute towards alleviating the difficulties SMEs face in accessing finance so they can add value to the national economy.

The total number of SME customers of participation banks had reached 161,180 as of December 2022, with the effect of expanding the definition of "SME". Total cash and non-cash SME loans increased by 181.7% from TL 133,621 million in 2021 to TL 376,463 million in 2022\*.

\* Source: BRSA



### Asset Development of Participation Banks and Market Share (TL million, 2017-2022)

	Total Assets	Change %	Market Share %
2017	160,136	20.5	4.9
2018	206,806	29.1	5.3
2019	284,459	37.5	6.3
2020	437,119	53.7	7.2
2021	717,338	64.1	7.8
2022	1,187,613	65.6	8.3

Source: BRSA

### Participation banks collected a total of TL 308,960,888,000 in funds through the sukuk issuances they realized between 2013 and 2022.

In 2022, Kuveyt Türk continued to be the participation bank with the largest total assets in Türkiye with TL 384.6 billion, followed by Ziraat Participation with TL 213.3 billion and Vakıf Participation with TL 188.1 billion. The total assets of Türkiye Finans, Albaraka Türk and Emlak Katılım amounted to TL 152.8 billion, TL 146.3 billion and TL 100.2 billion, respectively.

**Among participation banks, Kuveyt Türk recorded the highest net profit in 2022 with TL 14,043.4 million, followed by Vakıf Participation with TL 4,735.8 million, Ziraat Participation with TL 3,840.3 million, Türkiye Finans with TL 2,904.1 million, Emlak Katılım with TL 2,809.9 million and Albaraka Türk with TL 1,365.5 million.**

### Participation banks mediate a significant amount of capital inflow to Türkiye through sukuk issuances.

Sukuk is the name given to the certificates that provide the opportunity to participate in a commercial transaction in accordance with Islamic law and to hold a share in the income arising from this commercial transaction. Depending on the asset they represent, these certificates can also be traded in secondary markets.

Participation banks collected a total of TL 308,960,888,000 in funds through the sukuk issuances they realized between 2013 and 2022.

Participation banks issued a total of around TL 82.98 billion in sukuk transactions in 2022. The most common structures in sukuk were structures based on management contract and hybrid structure.

Türkiye, along with Malaysia, Saudi Arabia, Indonesia, and Kuwait, were among the five largest issuers of sukuk in 2022.

## THE PARTICIPATION BANKING SECTOR

### Digitalization marks an important turning point in the sector's development

Technology-focused financial solutions have become one of the focal points of the participation banking sector with participation banks achieving great leaps in terms of digitalization during 2022. Presenting products that comply with Islamic principles, participation banks aim to improve the customer experience and increase their levels of digital service through technological advances that will meet new generation expectations and needs.

Increasing their technological and financial know-how in order to allow customers to access financial services through digital channels has become a common goal for institutions. Banks launched the practice of customer acquisition through remote access using up-to-date technologies and by preparing both the technological and legal infrastructure in May 2021. This brought significant momentum to the development of customer portfolios and service efficiency.

Participation banks seized the opportunities brought by remote customer acquisition as a very efficient initiative with their digital equipment and organizational preparation. Since the introduction of the application, banks have succeeded in continuously increasing the number of customers they have gained through this channel.

The effective use of the increased digital opportunities presented to participation banks and the rollout of open banking applications with the support of the fintech ecosystem are important milestones in the development of the sector.

Fintech investments in Türkiye reached a record level in 2022. The support and guidance of the government and regulatory institutions has also proven important for the development in this field, with the "National Fintech Strategy Document", prepared by



**The Regulation on the Operating Principles of Digital Banks and Service Model Banking was published at the end of 2021. Through the regulation, the Banking Regulation and Supervision Agency (BRSA) permitted the establishment of three new participation based digital banks in 2022 as Hayat Finans Katılım, Kasa Katılım Bank and TOM Katılım Bank.**

the Presidential Finance Office of the Republic of Türkiye, expected to function as a roadmap which aims to bring the Turkish fintech ecosystem to the forefront in the international arena and elevate it to the place it deserves.

The Regulation on the Operating Principles of Digital Banks and Service Model Banking was published at the end of 2021. Through the regulation, the Banking Regulation and Supervision Agency (BRSA)

permitted the establishment of three new participation based digital banks in 2022: Hayat Finans Participation Bank, Kasa Participation Bank and TOM Participation Bank

The inclusion of these participation banks in the system is aimed at increasing the market share of participation banks in the Turkish banking sector and expanding financial inclusion through product and service diversity and customer and distribution channels.



### Strong steps taken in the participation banking sector to reach its target of a 15% market share by 2025

One of Türkiye's priority goals is to be one of the largest centers in the region and one of the few in the world in the field of participation banking.

The policies and regulations implemented in Türkiye give a great impetus to participation banking, and participation finance products and services are increasingly diversifying with the impact of government support.

In this context, efforts are made to generate an innovative, inclusive and dynamic participation banking ecosystem, where new products based on risk sharing are developed and strategic cooperation is established with important countries, institutions and organizations in the field of participation finance. The Istanbul Finance Center project is aimed at placing our country as

one of the world's leading financial centers. In this context, Istanbul is set not only to be a financial center but also a hub for interest-free finance, with the right steps to be taken and a solid institutional structure to be established. The Participation Finance Strategy Document is Türkiye's first national strategy document in the field of participation finance, serving as a roadmap to position Türkiye as the leading country for participation finance and effectively support the Turkish Economy Model.

The TKBB updated its publication of the sector's strategic roadmap covering the 2021-2025 period. The TKBB determined six basic strategic objectives - "communication", "ecosystem", "product diversity", "standards and governance", "digital" and "competency building".

The main issues which the participation banking sector will focus on until 2025 are to increase the number of customers with the driving force of the digital transformation, to expand services and to improve the customer experience, to use remote customer acquisition effectively and to increase financial literacy.

With the inclusion of digital participation banks in the participation banking ecosystem, the sector's market share is targeted to reach double digit levels in 2023, reaching 10.6%. The sector targets at 15% market share by 2025 with an asset volume of TL 1.77 trillion.

### Remote Customer Acquisition Statistics for the Banking Sector

The regulation on the "Remote Identification Methods to be Used by Banks and the Establishment of a Contractual Relationship in Electronic Media" started to be implemented in May 2021. Figures for the total number of applications and customer acquisition for the period from May 2021 until December 2022 are set out below:

	NUMBER OF APPLICATIONS	NUMBER OF ACQUISITIONS	SUCCESS RATE	ACQUISITION FROM BRANCH
<b>BANKING SECTOR</b>	<b>14,840,867</b>	<b>4,698,358</b>	<b>32%</b>	<b>18,063,408</b>
<b>DEPOSIT BANKS</b>	<b>14,192,016</b>	<b>4,404,998</b>	<b>31%</b>	<b>16,480,256</b>
<b>PARTICIPATION BANKS</b>	<b>651,936</b>	<b>293,216</b>	<b>45%</b>	<b>1,583,152</b>
<b>SHARE OF PARTICIPATION BANKS (%)</b>	<b>4%</b>	<b>6%</b>		<b>9%</b>

The remote customer acquisition ratio is the ratio of the number of remotely acquired customers to the number of branch + remote customer acquisitions. Customer acquisitions through the branches are counted from the dates which banks started the application of remote customer acquisition.

## ADVISORY BOARD

**The Advisory Board, which was established at the Association in 2018 to determine the professional principles and standards of participation banking, has been continuing its activities of making decisions and preparing standards for the sector since its establishment.**

### Meetings

The Advisory Board meets regularly and holds meetings with an agenda that is in line with the needs of the participation banking sector. The Board, whose primary priority is to prepare participation finance standards, reaches decisions and provides opinions within the scope of the requests and questions posed by participation banks and some public institutions and organizations. The Board held 44 meetings in 2022 and took 23 decisions.

### Standards

- Share Certificate Issuance and Trade Standard
- Tawarruq Standard
- Murabahah Standard
- Suretyship Standard
- Non Compliant Incomes with the Principles of Participation Finance and their Elimination



### Framework Contracts

- Investment Agency Framework Agreement
- Murabahah (Sale with Profit Statement) Framework Agreement

### Guidelines

- Guidelines for Determining Companies Operating in Compliance with Participation Finance Principles
- Implementing Guidelines for the Purification of Non-Compliant Revenues Belonging to the Shares of Companies Operating in Accordance with Participation Finance Principles





## PARTICIPATION BANKS

alBaraka 

 EmlakKatılım

 KUVVEYTÜRK

Türkiye  
Finans 

 VAKIF  
KATILIM

 Ziraat Katılım



## ALBARAKA TÜRK GENERAL MANAGER'S ASSESSMENT

**TL 1.26 trillion**  
Asset size of participation banks



**In 2022, participation banks demonstrated a growth performance that left the banking industry behind. Asset size of participation banks which increased by 66% reached TL 1.26 trillion as of the end of February.**

Central Bank of Republic of Türkiye gradually decreased the policy interest between August and November from 14% to 9% in 2022. To increase the economic activity after the earthquake disaster which affected our country, the Central Bank decreased the policy interest by 50 base points to 8.5%.

In 2022, fight against high inflation and tightened monetary policies were at the agenda of global economy. Commodities, that lost value during the pandemic period in line with constriction of global demand, followed an increase path with re-opening of economies and caused concerns about inflation. Although general view in 2021 was that the increase in inflation was temporary, it started accelerating with the outbreak of the Russian-Ukrainian war in February 2022. While it was anticipated that monetary policies implemented in 2020 and 2021 would increase inflation, with the commodity shock, global central banks made the highest interest increases of history in 2022.

In 2022, one of Türkiye's most significant agenda topic was high inflation as is the case in the global economy. High inflation contemplated during the year decreased back to 50.51% in March thanks to strong base effect, decrease in fluctuating foreign currencies and slowing down of global commodity prices. At the growth side, Turkish economy demonstrated a performance of 5.6% in 2022, exceeding expectations. Overall, growth was realized through private consumption and export components throughout the year, whereas during the last quarter of the year, exports slowed down with decrease in demand in Europe. In 2023, with the effects of the earthquake disasters in our country in February, growth expectations were revised downwards.

Banking sector was one of the most significant actors of the 2022 growth. With the increase in credits in 2022, total assets of the banking sector which supports the real sector increased by 55.7% and reached TL 14.3 trillion compared with prior year and net income for the period increased by more than 360% to reach TL 432 billion. In February 2023, total assets for the sector increased by 58.5% annually and exceeded TL 15 trillion while net income for the period of two months reached TL 65 billion. In 2022, positive developments were realized in asset quality, non-performing loan ratio which was 3.13% at the beginning of the year decreased to 2.1% in December and to 1.3% in February 2023. Reserve rates for third stage loans which was 79.8% at the end of 2021 increased to 87.5% as of the end of February. While increasing its balance sheet, the banking sector improved its asset quality and strengthened its profitability.





<b>Establishment Date</b>	1985
<b>Foreign Shareholders</b>	62.12%
<b>Albaraka Group B.S.C</b>	45.09%
<b>Dallah Al Baraka Holding CO B.S.C</b>	8.3%
<b>Other</b>	2.61%
<b>Domestic Partners</b>	0.95%
<b>Public</b>	36.93%
<b>Total</b>	100.00%
<b>General Manager</b>	Malek Khodr Temsah
<b>Headquarters</b>	Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No: 6, 34768, Ümraniye/İstanbul
<b>Phone</b>	+90 216 666 01 01
<b>Fax</b>	+90 216 666 16 00
<b>Website</b>	www.albaraka.com.tr
<b>Telex</b>	27061 abrt tr - 26459 albt tr
<b>SWIFT Code</b>	BTFH TR IS
<b>Number of Branches</b>	225 (31.12.2022)
<b>Number of Employees</b>	2,695 (31.12.2022)

**As of year-end 2022, Albaraka Türk increased its net income by 1,212% year-on-year to TL 1.37 billion and its profit share income by 120% to TL 11.1 billion. On the other hand, we strengthened our capital outlook by increasing our Bank's paid-in capital from TL 1.35 billion to TL 2.5 billion in the same period.**

During this period, participation banks demonstrated a growth performance that outpaced the banking sector. The asset size of participation banks which increased by 66% annually in 2022, reached TL 1.26 trillion as of the end of February. In 2022, net income of participation banks for the period increased by 443% and reached TL 30 billion. In addition to outpacing the banking sector in asset size and net profit performance, participation banks came forward with improvement of asset quality. Non-performing loan rate which was 3.02% at the end of 2021 decreased to 1.43% at 2022 year-end and to 1.31% as of February 2023. Succeeding to keep NPL ratio lower than the sector, participation banks continued to strengthen their asset quality by following a more conservative approach for reserve ratios than the sector.

In addition to their strong outlook in liquidity position, Capital Adequacy Ratio was realized as 18.4% for participation banks which is higher than the sector average of 17%.

This represents the strength of participation banks against potential crises. Maintaining an adequate amount of buffer against global and domestic risks, participation banks are at a position to manage potential risks through keeping a conservative reserve policies and strong capital structures. As in prior years, participation banks will continue to meet financing needs of real sector and households and to strengthen their balance sheets with their income in the following period as a result of their liquidity.

Under these circumstances, our Bank recorded a performance in line with the sector and increased its assets by 33% in 2022. As of 2022 year-end, as Albaraka Türk, we increased our net income by 1.212% when compared with the same period of prior year to TL 1.37 billion while increasing profit share income by 120% to TL 11.1 billion. Moreover, during the same period, our Bank increased its paid-in-capital from TL 1.35 billion to TL 2.5 billion and strengthened its capital outlook. We used the capital increase and our success in operational profitability

to strengthen our balance sheet and credit portfolio. Accordingly, we reduced our NPL ratio to 1.9% in 2022 from 6.3% in 2021, thus reinforcing our asset quality. We also increased special reserve ratio from 70.3% to 88.7% during the same period.

While increasing the TL ratio in our balance sheet during this period, TL ratio in cash credits increased from 43% at 2021 year-end to 60% at 2022 year-end. We also achieved to increase TL ratio in funds collected from 22% to 46%. In addition to all these, we increased total free reserve amount recorded at 2022 year-end to TL 1.8 billion with a conservative approach.

**Malek Khodr TEMSAH**  
CEO

## ALBARAKA TÜRK SENIOR MANAGEMENT

### **Malek Khodr Temsah** **General Manager and Board Member**

In 2003, he received his Bachelor of Business Administration from The George Washington University and in 2006 he completed his Master's Degree in Business Administration from Thunderbird, the Garvin School of International Management. In 2003, he began his career with Bank of America then between 2007 and 2009 he worked at the London-based European Islamic Investment Bank. Joining Al Baraka Group in 2010, Mr. Temsah was responsible for the global sukuk portfolio at the sukuk desk, which he founded until 2014. Between 2017 and 2020, he served as a member of the Board of Directors and Audit Committee at BTI Bank (Morocco). In 2014, Mr. Temsah joined Albaraka Türk and served as Executive Vice President in charge of Treasury, Financial Institutions and Investment Banking Units between 2017 and 2022. Between October 2021 and August 2022, he served as Acting General Manager in addition to the above-mentioned position. In August 2022, he was appointed as the General Manager of our Bank by the Board of Directors of Albaraka Türk.

### **Turgut Simitcioğlu** **Chief Executive Vice President**

He received his bachelor's degree from King Saud University, Faculty of Education in Saudi Arabia in 1989 and his master's degree in Business Administration from Fatih University, Institute of Social Sciences. Mr. Simitcioğlu started his professional career at Albaraka Türk in 1990 and worked at the Fund Utilization Department between 1990 and 1995 and at the Central Branch between 1995 and 2001. Between 2001 and 2003, he worked first as a Director at the Central Branch and then at the Corporate Banking Department, and between 2003 and 2009 he served as the Central Branch Manager. Appointed as Assistant General Manager in December 2009, Mr. Simitcioğlu served as Assistant General Manager responsible for "Credits Operations", "Foreign Transactions Operations", "Payment Systems Operations", "Banking Services Operations" and "Risk Monitoring". Mr. Simitcioğlu

assumed the position of Executive Vice President in charge of Business Lines in January 2017 and served as Executive Vice President in charge of Credit Risks between 2018 and 2022. As of December 2022, he has been serving as the Executive Vice President of our Bank.

### **Dr. Ömer Emeç** **Assistant General Manager, Strategy and Transformation**

He received his bachelor's degree in Business Administration from Boğaziçi University, his master's degree in Business Administration from İstanbul Şehir University and his PhD in Islamic Economics and Finance from İstanbul University. Pursuing his academic studies simultaneously with his professional life, Dr. Emeç served as a researcher at the Center for Ecopolitical Strategic Research during his undergraduate years. Having assumed various responsibilities such as strategy, research, corporate performance, international business development and project management in the telecoms and banking sectors in his professional career, Dr. Emeç worked as Strategist until 2017, Chief Economist between 2017-2020, and Strategic Planning and Economic Research Unit Manager between 2020-2022 at Albaraka Türk, where he started working in 2014. As of October 2022, Dr. Emeç has been serving as Assistant General Manager in charge of Strategy and Transformation at the Bank and as a Board Member at Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. (AlbarakaTech Global). Emeç, who also works as an economics commentator in national and international broadcasting organizations, is an active manager in various non-governmental organizations and continues his academic career by lecturing on financial management, central banking, special topics in banking and finance.

### **Umut Çakmak** **Assistant General Manager, Finance and Human Assets**

He completed his undergraduate education at İstanbul University, Faculty of Business Administration in 2004. Mr. Çakmak started his professional career at Albaraka Türk Risk Management Department in 2005 and served as Risk Management Specialist, Vice President of Risk Management and Head of Risk Management until 2022. As of December 2022, he continues to serve as Assistant General Manager in charge of Finance and Human Assets, to whom the directorates of "Financial Affairs", "Financial Reporting and Budget Management", "Human Resources" and "Training and Career Management" report.

### **Yasemin Aydın** **Assistant General Manager, Information Technologies and Digital Channels Development**

She received her bachelor's degree from İstanbul University, Faculty of Political Sciences, Department of Finance and her master's degree in Marketing Communications from İstanbul Bilgi University. She started her professional career in the banking sector in 1996. Between 1996 and 2011, she worked in marketing, operations and information technologies in the fields of digital banking, card payment systems, retail banking, product development, organization, process and quality. Between 2012-2017, she managed consultancy projects in various sectors on issues such as restructuring, process development management, digitalization and selection and evaluation activities in the field of human resources. In 2017, she joined Albaraka Türk as Digital Channels and Payment Systems Development Manager. In July 2020, she assumed the responsibility of "Digital Channels and Payment Systems Development", "Payment Systems Operation and Call Center" departments with the title of Director. As of December 2022, she continues to serve as Executive Vice President in charge of Information Technologies and Digital Channels Development at our Bank. She is also a Board Member at insha Ventures

Teknoloji Geliştirme ve Pazarlama A.Ş. (insha Ventures) and Albaraka Teknoloji Bilişim Sistemleri ve Pazarlama Ticaret A.Ş. (Albaraka Tech Global).

**Serhan Yıldırım**  
**Assistant General Manager,**  
**Treasury and International Banking**

He completed his undergraduate education at Istanbul University, Department of Business Administration in 2006. After working in the precious metals sector for a while, he joined Albaraka Türk Participation Bank in 2009 in the Treasury Unit of the Foreign Affairs Department. Until 2018, Mr. Yıldırım worked in the Foreign Exchange and Precious Metals, Money Market and Lease Certificate Transactions services, respectively, and assumed managerial responsibility in the Investment Banking Department until 2019 and in 2016, he received her MA degree in the field of Islamic Economics and Finance at Istanbul University. Between 2019 and 2022, he worked as Asset Liability and Capital Markets Unit Manager and then Treasury Unit Manager at Türkiye Emlak Katılım Bankası. Mr. Yıldırım joined Albaraka Türk in September 2022 as Executive Vice President and currently serves as Executive Vice President in charge of Treasury and International Banking.

**Mehmet Emin Çonkar**  
**Assistant General Manager, Credit**  
**Monitoring and Legal Follow-up**

He completed his undergraduate education at Ankara University, Department of Theology in 1997. He started his professional career in 1998 at Albaraka Türk Central Branch with the title of Chief. Until 2019, he worked as Assistant Manager at the Central Branch and as Manager at Sefaköy and İncirli branches. Mr. Çonkar, who served as Collection Manager between 2019 and 2022, continues to work as Assistant General Manager in charge of Credit Monitoring and Legal Follow-up in our Bank as of December 2022.

**Serhan Akyıldız**  
**Assistant General Manager,**  
**Corporate Banking**

He completed his undergraduate degree in English Business Administration at Istanbul University in 1998. In 2002, he started to work as a Specialist at Albaraka Türk Central Branch. He worked as Assistant Manager at Osmanbey Branch between 2008-2011, and as Manager at Osmanbey, Topkapı and Central branches respectively from 2011 to 2022. Mr. Akyıldız, who served as Corporate Sales Manager between 2020-2022, continues to serve as Executive Vice President in charge of Corporate Banking as of December 2022.

**Mehmet Uludağ**  
**Assistant General Manager,**  
**Retail and Private Banking**

He completed his undergraduate education at Dumlupınar University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 2001 and his master's degree in Business Administration at Gediz University in 2013. He started his banking career at Albaraka Türk in 2004 as an Assistant Specialist at the Denizli Branch as part of the executive training program. He worked in Ankara/Şaşmaz, Manisa and Bursa/ Uludağ branches respectively. In 2017, Mr. Uludağ assumed the position of Aegean Regional Manager, and after serving simultaneously as Regional Sales and Allocation Manager, he was appointed as Unit Manager to the Commercial and SME Sales Department in 2019. Mr. Uludağ, who has 16 years of managerial experience in marketing and sales at all levels of our Bank's organization, was appointed as Director/Ombudsman in the "Ombudsman Business Family", which was implemented for the first time in the banking sector in order to develop a feedback and solution-oriented culture between the head office and the field organization. He led the organization of this business family under the name of "Arbitration and Business Excellence", reporting directly to the General Manager. As of December 2022, he continues to serve as Executive Vice President in charge of Retail and Private Banking at our Bank.

**Dr. Muhammet Faruk Torlak**  
**Assistant General Manager, Credits**

He completed his undergraduate degree in Business Administration at Istanbul University in 2004. He started his professional career at Albaraka Türk in 2005 as an Assistant Inspector in the Inspection Board Department. After working for nearly 6 years at the Board of Inspectors, he completed his master's degree in International Money, Finance and Investments at Brunel University London in 2011. Between 2012 and 2022, he worked as Assistant Manager for 5 years and Unit Manager for 6 years in "Commercial and SME Loans Allocation" and "Corporate Loans Allocation" directorates respectively at Albaraka Türk. In 2022, he completed his doctoral education at Bahçeşehir University with his doctoral thesis on "Factors Determining the Use of Debt / Equity Resources by SMEs and Corporate Firms and Sector-Based Differences". As of December 2022, he continues to serve as Executive Vice President in charge of Loans at our Bank.

**Muzaffer Çölmek**  
**Assistant General Manager,**  
**Operations**

He completed his undergraduate education at Bilkent University School of Applied Accounting Information Systems Department in 2004. He started his professional career at Albaraka Türk in 2006 at Konya Sanayi Branch. After working actively in the branch until May 2010, he was assigned to the Financial Institutions Service within the Foreign Transactions Operations Department. Between January and August 2012, he worked in the External Letters of Guarantee Service under the Foreign Transactions Operations Department. Between 2012 and 2014, he was the manager of Europe & Far East in the Fund Management and Financial Institutions Department and from 2014 until March 2019, he was the manager of Africa and America services in the Financial Institutions Department. From March 2019 to December 2022, Mr. Çölmek served as Unit Manager in the Financial Institutions Department, and as of December 2022, he continues to serve as Executive Vice President in charge of Operations at our Bank.



## ALBARAKA TÜRK'S INNOVATIVE PRODUCTS AND TECHNOLOGIES

We continue to work at full speed to provide fastest, most practical and advantageous services for changing needs of customers based on digitalization trends. We aim to provide uninterrupted financial services to our customers by improving our technology day by day. Through being a customer via video call, we provide a service model to our customers where potential customers can join us without the need to go to a branch. We continue to expand networks which connect us with our customers. As a result of our agreement with Yapı Kredi, we provide our customers with the opportunity to perform 3 cash deposits, 3 cash withdrawals and 3 credit card payments per month at Yapı Kredi Bank ATMs within certain amounts free-of-charge. With the improvements we realized at our mobile application and our internet branch, we increase the number of transaction sets that can be done via digital channels. We use technology actively at each stage of our services. We conduct activities to further expand our financial services network by using technologies with developments in the business areas of banks in areas such as API and service model banking. With Albaraka Garage, we continue to support our initiatives which provides new paths to the sector every day and through Alneo, Posbasit, Semosis and many more products within our subsidiary Insha Ventures, we provide products innovative financial services for our customers. We continue our activities at full speed to bring our customers together with new products and services each day on our digital transformation journey with our motto of "Digital Bank of our Values".

**Practical Finance Card- Karz-ı Hasen:** With Practical Finance Card, those who become our customers via video calls can make apply for welcome financing for an amount up to TL 10,000 with a grace period of up to 3 months.

**Support for Conversion of Foreign Country Originated Currencies of Companies:** This is an application which provides the opportunity for private entities to sell their export, service or free currency balances to Central Bank with a commitment not to purchase any foreign currency/ precious metal for a period of 1 month and receive a support payment from the Central Bank based on the transaction amount.

**Pension Payment Promotion:** We offer promotion payment advantages within the framework set by the Social Security Agency for those who carry their pension payments to our bank or who currently receive their pension payments from our bank.

**Pilgrimage- Umrah Financing:** With our Pilgrimage- Umrah Financing product, we provide financial support for our customers' payments of pilgrimage and umrah visits.

### EFLATUN CARD

Through Eflatun and Trend banking models we offered to our customers in 2021, we provide a specialized banking experience for our women and young customers.

Through the credit card product we designed for women customers within the scope of Eflatun Banking, we offer shopping campaigns which provide installments and world points.

### TREND CARD

With the Trend credit card, we wish to be on the side of our young customers between ages of 18 and 25 by providing them the opportunity to obtain a credit card without income documentation.

**Stock Transactions:** With the new developments, our customers can purchase and sell stocks by opening an investment account through Albaraka Mobile for transactions which are realized with OYAK Yatırım. They can also easily perform their transactions such as viewing their portfolio at OYAK Yatırım, monitoring, updating and cancelling their orders.

### FATSI

This is a foreign currency protected participation account product which can be opened by scrap gold brought by domestic customers to our bank at gold collection days and which provides additional returns varying based on their maturities by the Central Bank.





## ALBARAKA TÜRK: RESILIENCE AND INCLUSIVENESS

### CORPORATE RESPONSIBILITY

Albaraka Türk Katılım Bankası A.Ş. conducts its operations in sustainability and corporate responsibility with the “responsible banking” approach. Adopting sustainability as the main business model for Türkiye’s qualified development, Albaraka Türk implemented a series of projects for education, health, environment and sensitive groups. With these projects, the Bank contributes to increasing good practices in the business world, touching the lives of more people and developing an ecosystem based on sharing the value produced. In cooperation with the Turkish Foundation for Waste Prevention (Türkiye Grameen Microfinance Program-TGMP), Albaraka Türk provided TL 5,000 in micro-credit 100 micro-ventures managed by women entrepreneurs. In the Social Impact Analysis prepared by Social Value UK in 2021, it was calculated that each TL 1 of support provided by the Türkiye Grameen Microfinance Program created a social impact of TL 4.05; with the support that Albaraka Türk extended to micro-entrepreneurial women in 17 different cities in the Aegean, Central Anatolia, Black Sea and Eastern Anatolia regions, a social impact of TL 2,025,000 was created.

With this project, the positive effects included the expansion of the social circle, increased purchasing power, improved family relations, respect from others, increased self-confidence, increased emotional well-being, increased professional well-being, improved social life and improved ability to cope with financial problems.

In order to support the regular meal distribution activities carried out every evening for the homeless in the Taksim region of Istanbul being carried out by the “Salt in your soup” Association, Albaraka Türk covered the cost of food packages for one month.

In this context, food packages containing soup, a main course and an additional meal/dessert/fruit were distributed to an average of 150 homeless or hidden homeless people per day.

With the cooperation of ÇEKUD and TEMA Foundation, more than 5,000 trees were planted in the soil.

Within the scope of the income generation model, a Pistachio Plantation Area was created in Kilis with the cooperation of ÇEKUD, and 1,000 pistachio tree seedlings were donated. Once these saplings, which will be nurtured by the farmers on their own land, start bearing nuts, they will earn the income from the sale of the nuts. Within the scope of environmental restoration activities, 3,500 pine saplings were also donated.

In 2022, Albaraka Türk,

- Granted scholarships to a total of 1,807 students, including 1,737 undergraduate and 70 doctoral students, through the Bereket Foundation.
- Supported the establishment of a robotic coding and arduino class at the Bayrampaşa Science and Art Center.
- A reading hall was established at KTO Karatay University Islamic Economics and Finance Department and a library, equipped with computers, laptops and projection devices, was formed which students and academics can benefit from.



### SUSTAINABILITY

- Within the scope of the Sustainable Banking Program, Albaraka Türk aims to be a leading financial institution that is sensitive to people and the environment, supports economic and global development, and works with all its stakeholders for a sustainable world with the support of its employees in line with the relevant policies and procedures.
- As the first participation bank of our country and the only participation bank which is traded at Borsa İstanbul (BIST), Albaraka Türk, with its net zero emission target and Environmental Social Governance System, aims to be the leader in this area by taking voluntary steps for the solution of many environmental problems such as climate crisis. With this objective Albaraka Türk performs the followings:
- Presents the activities realized every year at its web site for all its stakeholders through Sustainability Report and Annual Report. In 2022, Albaraka Türk published its Integrated Annual Report to demonstrate the connection between its financial activities and sustainability activities and to explain its corporate strategies with a holistic approach.



- Acting responsibly for all its stakeholders, the Bank voluntarily responds to the Carbon Disclosure Project (CDP) Climate Change and Water Safety surveys. Albaraka Türk's CDP Scores:
- Albaraka Türk started to work with Science Based Target Initiative (SBTi) to calculate its whole climate responsibility and to establish science based targets.
- The Bank has been included in the Borsa Istanbul Sustainability Index since 2019 and is the first and only participation bank in the index.
- Shaping its efforts to improve the ESG system in its banking operations and business model, the Bank has completed the infrastructure work to measure the ESG risk of credits above certain limits in pilot sectors in order to measure sustainability risks and their impacts, and has put on its agenda the issue of making arrangements to reflect climate risks in its financials and implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

**Cost Free Banking**

Meet with “Cost Free Banking” in Albaraka, forget about paying annual fee for your credit cards.

[www.albaraka.com.tr](http://www.albaraka.com.tr)

**alBaraka**

#### ALBARAKA TÜRK'S CDP SCORES

2018	2019	2020	2021	2022
Climate Change C	Climate Change B	Climate Change A-	Climate Change B-	Climate Change B
Water Security C	Water Security B-	Water Security B-	Water Security B-	Water Security B

## EMLAK KATILIM GENERAL MANAGER'S ASSESSMENT

**TL 100.2 billion**  
**Emlak Katılım's Asset Size**



**As Emlak Katılım, we have made significant contributions to our country's economy, real sector and employment through the new products and services we have introduced to the sector. We increased our size of assets by 159% and reached TL 100.2 billion.**

The fragile structure of the economy ongoing since 2020 in the world keeps its fragility with the agenda of inflation after the Covid pandemic. As the impacts of inflation are intensely sensed and policies against inflation are implemented, another significant topic in 2022 was Russian-Ukrainian war. Türkiye assumed an important role at this nearby war by holding discussions with both Russia and Ukraine. Türkiye's peacemaker role was monitored closely by all the countries and provided significant benefits, particularly opening a safe corridor for evacuation of civilians. The disruptions experienced in the supply of staple food products, especially the surge in oil prices, caused the entire year to pass in an inflationary environment throughout the world.

The Central Bank of the Republic of Türkiye (CBRT), within the scope of the Liraization Strategy, which it started to implement in this period, has used reserve requirements as a supportive

tool for price stability and financial stability purposes, while increasing the costs of foreign currency liabilities, it has prioritized mechanisms to support the development of Turkish lira deposits. CBRT maintained the downward trend in weekly lending rates, and as the high inflation trend began to decrease in the second half of the year, lowered the policy interest rate from 14% to single digits by reducing it to 9% as of November.

The banking sector has taken its share from the high inflation environment and regulations within that period, and closed the year 2022 with eminently successful figures. While the size of assets of the sector grew by 55% to TL 14.3 trillion, and the financing extended reached to TL 7.5 trillion with a similar increase, the funds collected reached a volume of TL 9 trillion with a growth of approximately 65%. As Emlak Katılım, we completed the year 2022 in this conjuncture highly productively and successfully. While increasing the

number of our branches to 80 and the number of our employees to 1,297, we have made significant contributions to our country's economy, real sector and employment through the new products and services we have introduced to the sector. We increased our size of assets by 159% and reached TL 100.2 billion. Compared to the previous year, we accomplished a significant success as an institution that has not yet completed its 4<sup>th</sup> year, with 2.6 times growth and TL 2.8 billion net profit, which we have achieved by positively differentiating ourselves from the sector.

In 2022, we continued to provide our services to contribute to participation banking within the scope of our strategies established with the mission coming from our strength and wealth we carry from the past. Within the framework of our aim to develop products and services that comply with the essence and spirit of participation banking, we started our "Participation Account with a Project Preferred Private Fund Pool" practice. With this product which is a first in Türkiye, we aimed to ensure that the funds deposited in the accounts in Turkish lira are used to finance a particular project, and the owners of these accounts benefit from the financial value that will be



<b>Establishment Date</b>	1926 (as Emlak ve Eytam Bankası); 2018 Türkiye Emlak Katılım Bankası
<b>Chairman</b>	Prof. Dr. Mehmet Emin BİRPINAR
<b>General Manager</b>	İlker SİRTKAYA
<b>Headquarters</b>	Barbaros Mah. Begonya Sk. No: 9/A Ataşehir/İstanbul
<b>Telephone</b>	0216 266 26 26
<b>Fax</b>	0216 275 25 25
<b>Website</b>	www.emlakkatilim.com.tr
<b>SWIFT Code</b>	EMLATRISXXX
<b>Number of Domestic Branches</b>	80
<b>Number of Employees</b>	1,297

**After the first Green Sukuk based on Labor-Capital Partnership issuance last year we successfully performed our second green sukuk issuance this year. As Emlak Katılım, in addition to issuances realized, we try to contribute to development and growth of the sector by being and intermediary in other institutions' issuances sharing our experiences in lease certificates.**

generated there. Within the scope of this project, we provided account owner customers the opportunity to invest in various sectors of their choice, particularly manufacturing, construction, transportation and storage, energy, mining, public administration and defense industry.

As the first participation financial institution to offer quarter gold accounts announced by the Ministry of Treasury and Finance to its customers, we have enabled the gold under the pillow to be brought into the economy with this product, which we launched in cooperation with the Mint.

We put our signature under significant successes for development of participation banking in Türkiye. After the first Green Sukuk based on Labor-Capital Partnership issuance last year we successfully performed our second green sukuk issuance this year. As Emlak Katılım, in addition to issuances realized, we try to contribute to development and growth of the sector by being and intermediary in other institutions'

issuances sharing our experiences in lease certificates. We created Emlak Katılım sustainability processes and workflows within the scope of the Sustainability efforts that gained momentum in our country with the approval of the Paris Climate Agreement in the Grand National Assembly of Türkiye. In this context, with Türkiye's first green sukuk project in the real sector, we acted as an intermediary in the distribution of the revenue generated by a company, which is our stakeholder, through purchasing, sorting, collecting waste to be recycled, and recycling and selling them in the market.

With the inclusiveness philosophy which is one of the essentials of interest-free banking, we strive to offer new products and to include all parties in the system. We prepare ourselves for the following periods with proper planning and strategic plans. We contribute primarily to housing, new financial methods in financing of production and trade, environment and sustainability projects; work for "growth on the grounds of investment in the

economy, production, employment and export". We aim to put our signature under permanent successes with long-term sustainable solutions and contribution methods. Creating new pioneering financial solutions for our customers' needs and providing a more practical banking service by making these available through our digital channels are among our primary targets.

As Emlak Katılım, we will continue to work and produce for our country with the strength we derive from our country..

Respectfully,

**İlker SİRTKAYA**  
CEO



## EMLAK KATILIM SENIOR MANAGEMENT

### **İlker Sırtkaya / Chief Executive Officer and Board Member**

İlker Sırtkaya earned his bachelor's degree in Industrial Engineering from Bilkent University in 2006 and a master's degree in Finance from Warwick University in 2009. He started his career at Garanti Bankası as an Internal Auditor and continued in this position for two and a half years. After that, he served as Corporate Finance Manager at Ünlü&Co for two years, as Project Finance Senior Manager at Odeabank for seven years, and as Financial Consultant to the Executive Board at Emlak Konut GYO for two years. In the following term, he assumed the position of General Manager at Emlak Konut Asansör Sistemleri San. Tic. A.Ş. for 1.5 years. Since 16 September 2022, he has been working as the Chief Executive Officer and Board Member at Emlak Katılım.

### **Uğur Kara / Executive Vice President, Human Resources and Strategy**

Graduated from Business Administration Department of Faculty of Economics and Administrative Sciences at Pamukkale University, Uğur Kara completed his master's degree in Department of Labor Economics and Industrial Relations at Marmara University. Mr. Kara started his Professional career at İSTAÇ A.Ş. in 2003, and acted as Human Resources Manager at the same company between 2012 and 2018. After serving as the General Manager of İSPARK A.Ş. starting 2018, he currently acts as the Executive Vice President in charge of Human Resources and Strategy at Emlak Katılım since 14 October 2019.

### **Nihat Bulut / Executive Vice President, Credits**

Nihat Bulut graduated from Faculty of Economics and Administrative Sciences (English) at Marmara University in 1996. He started to work as Assistant Specialist in Projects and Marketing Department at Albaraka Türk Katılım Bank in 1998, served as Assistant Manager in Corporate Banking and Commercial Loans Department between 2006-2013, took over manager positions in different operational units in the same company between 2013 and 2017, and finally acted as Manager of the Corporate Credits Department starting February 2017. Mr. Bulut has been serving as the Executive Vice President in charge of Credits at Emlak Katılım since 02.03.2020.

### **Yusuf Okur / Executive Vice President, Operations**

Mr. Okur graduated from Boğaziçi University Faculty of Economics and Administrative Sciences in 1997 and started his professional career at Assistant Specialist position in Albaraka Türk Katılım Bank at the same year. As of 2000, Mr. Okur worked in Kadıköy Branch at positions of Chief, Second Manager and Assistant Manager. He continued to serve as the Branch Manager of the Merter, Kavacık and Sultanbeyli branches as of 2005, after which he transferred to the General Directorate of the same bank as Department Manager starting at January 2017. Yusuf Okur continued his career as Retail and Private Banking Sales Manager until 29 February 2020. Mr. Okur has been serving as the Executive Vice President in charge of Operations at Emlak Katılım since 2 March 2020.

### **Ali Kemal Küçükcan / Executive Vice President, Treasury and International Banking**

He was born in 1975. He graduated from Ankara Science High School in 1992, and from Middle East Technical University Environmental Engineering in 1998. He earned his MBA degree from Yeditepe University in 2003. Mr. Küçükcan started his career in the Financial Institutions Unit of Garanti Bankası in 2000, and assumed the positions of Senior Regional Manager and Deputy Manager of Financial Institutions Unit, respectively Between 2013 and 2019, he served as the Head of Financial Institutions-International Banking Unit at Şekerbank. He continued his career in Emlak Katılım as the Head of Financial Institutions Unit as of March 2019. He has been serving as the Executive Vice President, Treasury and International Banking at Emlak Katılım since 19 October 2022.

**Hüseyin Cahit Büyükbaş / Executive Vice President, Sales and Marketing**

He graduated from Middle East Technical University Industrial Engineering undergraduate program in 2005 and concurrently completed the Economics Department - Economic Theory minor program. Immediately afterwards, Cahit Büyükbaş started working as an Internal Auditor at T. Garanti Bankası A.Ş. He served as a Supervisor at T. Garanti Bankası A.Ş. Project and Acquisition Finance Department between 2010-2013, and Odea Bank A.Ş. Project and Structured Finance Department for 7 years between 2013-2019. He worked as the Group Manager at Enerjisa Enerji Üretim A.Ş. in the Strategy - Acquisition and Merger Department between 2019-2020. Büyükbaş, who served as Treasury and Corporate Finance Group Manager at Enerjisa Enerji Üretim A.Ş. between 2020-2022, was appointed as the Executive Vice President, Sales and Marketing at Emlak Katılım as of 19 October 2022.

**Tuğba Gedikli / Executive Vice President, Finance**

After earning her Bachelor of Economics from the Istanbul University Faculty of Economics, Tuğba Gedikli started her career at HSBC Bank. She continued her career as a senior team leader at PwC, an independent audit company where she engaged in the independent audits of companies from a variety of sectors, particularly real estate, energy, production, and financial services, as well as corporate public offering projects. She joined Unilever in 2014 and assumed managerial roles in the Financial Reporting and Budget departments. Starting in 2017, she has served as Management Consultant, Investor Relations and Finance Manager at Emlak Konut GYO, respectively. Tuğba Gedikli, who assumed the position as Budget and Financial Reporting Director at Emlak Katılım, was involved in the processes related to the relaunch and establishment of the Bank. She has been serving as the Executive Vice President of Finance since 19 October 2022.

## EMLAK KATILIM'S INNOVATIVE PRODUCTS AND TECHNOLOGY

With the mission of power and wealth we carry from the past and in accordance with new strategies, we continue to offer projects for the sector that will contribute to participation banking and put our signature under successes with innovative products. At the same time, we develop our operations to offer sustainable products and services that support prudent, environment-friendly and sustainable investments and that take into consideration social, ecological and economic criteria for the development of our country.

### We introduced a unique product to the sector with the Project Preferred Special Fund Pool.

With our Private Fund Pool with Preferred Projects product, which is a first in our sector, we provide our account owner customers the opportunity to select the sector which they would like to provide financing to. Our customers' savings are directed to companies that request financing and the income resulting from this transaction is shared with our customers.



### We brought gold under the pillow into the economy with our Quarter Account and Earning Quarter Account products.

We continue to improve our products and services to maximize the user experience in digital banking. Thanks to the new QR code transactions menu we put into service in Emlak Katılım Mobile, our customers can perform transactions such as payment, withdrawal and money transfer in a fast, easy and contactless way without the need for a bank card.

### Contactless Brochure

As a bank supporting environmentalist and sustainable projects and providing products and services in this respect, we included a new project to our activities in areas of protecting the environment and sustainability. We took the decision not to print our brochures introducing our products and services at the branches, targeting to prevent paper waste. Our customers can access the details of our products and services by scanning QR codes at branches.

### Paperless Banking

We launched an application to leave behind the era when our customers were required to sign pages of paper for contracts and forms for opening and account at branches. Through paperless banking application which will prevent waste paper, our customers can finalize their account opening transactions quickly over Emlak Katılım mobile application with digital approvals.

### MoneyGram

With this application, our customers can transfer to and withdraw from 200 countries of the world with their identification cards at Emlak Katılım branches.

### Virtual Account

Our customers such as Apartment complex management companies, insurance companies, payment institutions and DBS main firms which collect money from large amounts of accounts are able to manage their collections through Virtual Account that alleviates their operational burden.

### We realized the Second Green Sukuk Issuance

As Türkiye's youngest participation bank with the longest-established history, we continue to achieve significant successes for the development of participation capital markets in Türkiye with the innovative sukuk issuances we have offered to the market since 2020. After Türkiye's first Green Sukuk based on Labor-Capital Partnership, which we realized last year and contributed approximately 2 thousand tons to the annual net carbon emission reduction, we contributed approximately 31 thousand tons to carbon emission reduction and 6 targets from the UN Sustainable Development Goals thanks to the recycling of scrap wastes provided with the funds obtained from the first green sukuk issuance of the recycling sector, which we mediated this year.



Within the scope of sustainable/green lease certificate issuance program at an amount of TL 2 billion we received from Capital Markets Board in October 2022, we successfully completed our second green sukuk issuance at an amount of TL 500 million with a maturity of 430 days. Fund received from the issuance will be used at a green building project which plans to obtain a LEED Gold certificate. The environment-friendly applications of this LEED-licensed green building that will be constructed within the scope of this project will meet the purposes of Clean Water and Sanitation, Accessible and Clean Energy, Sustainable Cities and Communities, Climate Action Goals within the United Nations' Sustainable Development Goals.

### **We support a sustainable world with Environment-friendly Vehicle Financing**

With "Environment-friendly Vehicle Financing" we developed to support the sustainable atmosphere of our world and environment, we provide favorable terms to our customers to purchase an electrical or hybrid vehicle with a special profit share discount. Moreover, we make a sapling donation to OGEM-VAK for each customer using environment-friendly vehicle financing.

### **A special magazine for our visually impaired children**

As Emlak Katılım, we worked on a special magazine for visually impaired children collaborating with Family and Social Services İstanbul Directorate and Yeşilay. We provided for publication of Yeşilay's Blue Swallow Magazine in Braille alphabet for the first time which includes Yeşilay activities, fun activities and games for children. We sent these magazines to two thousand visually impaired children at primary schools and related non-profit organizations.

### **AWARDS**

#### **The Best Sukuk Issuance of the Year Award**

At the award ceremony of Islamic Finance News magazine which is one of the leading publications of finance markets, Emlak Katılım's Green Sukuk issuance based on Labor-Capital Partnership (the first in Türkiye) received the best sukuk issuance of the year award.

#### **Capital Market Issuance of the Year Award**

We continue to contribute to development and growth of the sector by sharing our experiences we obtained at the lease certificate product which is one of the most important components of participation-based capital markets. In this context, we assumed mediation in Türkiye Wealth Fund's TL 600 million Green Sukuk Issuance based on Agreement for Work

which we contributed to financing of İstanbul Financial Center. This issuance received the "Capital Market Issuance of the Year" from Bonds, Loans & Sukuk. Funds from the lease certificate issuance developed within the scope of International Capital Markets Association's (ICMA) Green Bond Principles were used in environment-friendly green buildings within the project. When the project is complete, the target is to be the first project to receive LEED ND v4 Built Gold (LEED for Neighborhood Development) certificate. The LEED Certificate which is the most recognized and accepted green building certificate is referred to as Environmentally Sensitive Building Certificate.

#### **The Future is at our Hands Award**

As we continue to stand out with projects which protect the environment and contribute to the nature, we were rewarded with "The Future is at our Hands" award for our Environment-friendly Vehicle Financing at the ceremony organized by Federation of Automotive Maintenance Associations of Türkiye (TOBFED) where names that value sustainable future and that care about leaving a cleaner world behind.

## EMLAK KATILIM: RESILIENCE AND INCLUSIVENESS

### Participation Banking Within the Context of Resilience And Inclusiveness

Under the financial circumstances of today, resilience of the financial ecosystem is being questioned more due to economic fluctuations. Challenges faced by the banks with the financial crises creates significant impacts on economies, entrepreneurs and account owners. The foundations of financing approach of Participation Finance System are partnership, sharing of profit and loss, supporting commercial activities directly, rather than gaining from interest or derivative instruments and parties act with the principle of sharing of risk.

With the power it gets from its basic principles, Participation Financing System is at a more advantageous position than other financial models in financial crises and in establishing sustainable environmental circumstances. Based on the model which money is priced and return is determined based on interest, a commitment is given to account owners in advance based on that day's conditions. However, in accordance with participation financing approach, transactions are realized with a trade approach based on current market conditions and income is shared with account owners based on the return realized at the end of the term within the framework of the profit share applied. This basic application difference increases the resilience of the participation financing approach against economic crises. Moreover, participation banks applies risk sharing principle. In accordance with this principle, a risk sharing agreement is signed between the bank and the person making the investment and accordingly, loss or income from the entity which is invested in is shared between the investor and the bank. By means of this principle, participation banks decrease their risks and increase their resilient.

One of the significant approaches of participation financing is that financing of operations which harm people's health, social order and environment is prohibited. This approach directly complies with sustainability principles which are in place to carry healthy environmental conditions to the future.

#### Risk Sharing

By providing financial services based on risk sharing, participation financing ecosystem remains stable even in times of stagnation. This position makes them more resilient against financial shocks and crises. Additionally, risk sharing makes investors and creditors act more carefully and responsibly, thus preventing speculative actions in financial markets and taking excessive risks.

#### Asset Quality

By making investments based on profit and loss sharing, Participation Finance actors ensure that investments are based on the real economy. This supports financial stability and resilience by improving asset quality. In addition, investments based on the real economy contribute to sustainable economic growth.

#### Deleverage

As participation banks work based on Islamic finance principles, deleveraging rates are used. This decreases the banks' credit burden and makes them more resistant against financial shocks. Deleveraging rates creates less fragility in financial system and helps keep economic balance.

In terms of inclusiveness, participation banking stands out as a significant financial service to increase accessibility of financial services. Interest-free financial instruments allow individuals who do not want to work with banks, in accordance with the values they believe in, to be included in the financial system. Moreover, it sets up a good alternative to banking system with all services it offers. It also provides support to micro, small and medium-sized

entities and other institutions which face difficulties in reaching financial resources and help them grow and develop. This contributes to economic development and includes more firms in the financial ecosystem.

#### Benefits of Inclusiveness

Providing access to banking services for more people, inclusive finance encourages economic growth and development. This happens in many ways like the followings:

- Increase in employment opportunities
- Providing credit opportunities for SMEs and entrepreneurs
- Offering saving and investment opportunities to segments with lower income
- Better management of financial risks
- Decrease in poverty

Risk sharing, fair income allocation, sensitivity for social and environmental areas which are the foundations of participation banking are also the foundations of the concept of sustainability, thus these two approaches coincides at many points. Participation banking stands out as a financial model which complies with sustainability. While acting with Islamic financial principles, participation banks takes social responsibility into consideration. Thus, participation banks offers financial products which focus on sustainability goals in environmental, social and governance terms.

Proje Tercihli Özel Fon Havuzu ile

# Yatırımlarınız Seçtiğiniz Sektörlerde Değerlensin!



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 **EmlakKatılım**  
*Gücüne Güven*



## KUVEYT TÜRK GENERAL MANAGER'S ASSESSMENT

# 5%

Growth Above  
G20 and OECD Averages



**As the global economy started to overcome the disruptive effects of the pandemic, growth forecasts were raised to pre-pandemic periods and 2022 started with optimistic expectations, series of new humanitarian and economic crises which started with invasion of Ukraine by Russia impacted both the real sector and the financial sector.**

Energy crises, problems in food supply, supply chain shocks and expansive monetary policies inherited from the pandemic period caused historical high inflation rates and economic uncertainties across the world.

As 2022 was a year of economic risks and uncertainties caused by Russia-Ukraine war that we wished to be over soon, we can state that Turkish economy and the banking sector, participation finance sector in particular, left behind a challenging year.

### **TURKISH ECONOMY DIFFERENTIATED POSITIVELY WITH THE SUPPORT OF THE BANKING SECTOR**

As Türkiye is an adaptive country to the global economy, it is affected by other developments in the world by all means. While monetary policies of the central banks of developed and developing countries brought out serious recession risks in their economies in 2022, Türkiye's steps taken in international arena and its initiatives in food corridor reduced the problems in global food supply and thus the global inflationary pressure.

Despite global recession risks, as a result of the impact of policy sets focused on export and production themes Türkiye demonstrated a positive differentiation. With its young population, well-qualified human resources and geopolitical position Türkiye had a very significant role in the financial ecosystem and support of the banking system to Turkish economy continued with a growth rate of 5% in 2022, above the average of G20 and OECD countries. Adopting a principle of using its resources to provide the maximum contribution to real economy, in 2022, participation finance sector continued its support for investments, production and exports as in the past. Participation financial institutions demonstrated a performance above banking sector averages in cash and non-cash fund extension and directed its resources to real sector and the country's economy.



<b>Establishment Date</b>	1989
<b>Main Shareholders</b>	Kuwait Finance House (62.24%), Kuwait Public Institute for Social Security (9%), Islamic Development Bank (9%), T.R. General Directorate of Foundations (18.72%), Other (1.04%)
<b>Chairman</b>	Hamad Abdulmohsen ALMARZOUQ
<b>General Manager</b>	Ufuk UYAN
<b>Headquarters</b>	Büyükdere Cad. No: 129/1 34394 Esentepe/İstanbul
<b>Phone</b>	+90 212 354 11 11
<b>Fax</b>	+90 212 354 12 12
<b>Website</b>	www.kuveytturk.com.tr
<b>SWIFT Code</b>	KTEFTRIS
<b>EFT Code</b>	205
<b>Number of Branches</b>	443
<b>Number of Branches Abroad</b>	1
<b>Foreign Financial Subsidiaries</b>	1
<b>Number of Employees</b>	5,898

**As the leading institution of participation finance sector in Türkiye, Kuveyt Türk will continue to stand by all our customers in 2023, individual and legal entities, with its innovative and leading products and services to improve customer-oriented service experience and digital transformation activities.**

#### **LIRAIZATION STRATEGY WAS EFFECTIVE IN THE BANKING SECTOR**

In developing countries, increases in funding costs together with increase in interest rates slowed down investments and increasing bond interests reduced portfolio investments which leaned towards developing countries from developed economies.

In a year when global prices increased, reserve currencies flowed to their own countries' bonds and US Dollar was overvalued, measures taken by policy makers this year, primarily the Central Bank of Turkish Republic, showed their impacts both on Turkish economy and the banking system.

With the impacts of "currency protected deposit" started in 2021 and other measures and regulations increasing the demand for Turkish Lira, banks turned more to Turkish Lira and maturities became longer. Although Liraization steps, particularly on the liability side, challenged participation banks more than others, when Turkish Lira-Foreign Currency balance is considered, balance sheet equilibrium of our sector that is financially stronger as a result of its structure and its principles got stronger and currency mismatch risks decreased. 2022 was a period when both banking and participation financial sectors had positive results in terms of their balance sheets while profit and capital focus increased.

We view the support of transparent and strong banking structure of the participation financial sector for production, investment and export as significant and we continue to work on growing and developing the participation finance sector. As the leading institution of participation finance sector in Türkiye, Kuveyt Türk will continue to stand by all our customers in 2023, individual and legal entities, with its innovative and leading products and services to improve customer-oriented service experience and digital transformation activities.

Respectfully,

**Ufuk UYAN**  
CEO

## KUVEYT TÜRK SENIOR MANAGEMENT

### **Ufuk Uyan** **CEO**

Mr. Uyan graduated from the Economics Department of Boğaziçi University in 1981. He received an MA degree from the Business Administration Department of the same university in 1983. He began his professional career as a Research Assistant at the Economics Department of Boğaziçi University in 1979 and worked as a Researcher Economist at the Special 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 to Executive Vice President in 1993 and then appointed 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 the Board of Directors and CEO at Kuveyt Türk. Mr. Uyan is also a Member of the Executive Committee, Credit Committee, Remuneration and Nomination Committee, and the Corporate Social Responsibility Committee.

### **Ahmet Karaca** **Executive Vice President** **Financial Control**

Mr. Karaca graduated from Ankara University, Faculty of Political Sciences, Public Administration Department in 1990. He started to work as the Sworn Deputy Auditor of Banks at the 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 served 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 an MA degree in economics from the State University of New York at Albany, USA, and wrote an MA thesis on International Banking and Capital Markets. Mr. Karaca joined Kuveyt Türk Katılım Bankası A.Ş. as the Executive Vice President of Financial Affairs (Chief Financial Officer) in July 2006 and he currently serves as the Executive Vice President of Financial Control (Chief Financial Officer).

### **Ahmet Süleyman Karakaya** **Executive Vice President** **Corporate and Commercial Banking**

Mr. Karakaya graduated from the Business Administration and Finance Department at University, Faculty of Economics, and 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.

### **Bilal Sayın** **Executive Vice President** **Loans**

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 Yılmaz** **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 to work as the Head of Internal Audit and Inspection Department at Kuveyt Türk in September 2000. He was assigned as the Audit and Risk Group President in 2003. Mr. Yılmaz has been serving as Chief Risk Officer since 2012.

### **İrfan Yılmaz** **Executive Vice President** **Banking Services Group**

Graduating from the Management Engineering Department of Technical University, Mr. Yılmaz 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 was appointed the Retail Banking Manager in 2000 and after five years at the Department, he took office as the Executive Vice President of Retail Banking and Enterprise Banking in 2005. He has been serving as the Executive Vice President of Banking Services since October 2012.



**Dr. Ruşen Ahmet Albayrak**  
**Executive Vice President**  
**Treasury and International Banking**

Mr. Albayrak graduated from the Industrial Engineering Department of Technical University. He received an MA degree in Organizational Leadership and Management at the University of North Carolina at Pembroke, the USA in 1993 and was awarded a Ph.D. degree in Technology Management at Technical University, Department of Business Administration in the Social Sciences Institute in 2007. Having joined the participation banking sector 30 years ago, Mr. Albayrak joined Kuveyt Türk as the Executive Vice President of Banking Services Group in 2005. He managed the Banking Services Group until October 2012 and he was assigned as the Executive Vice President of Treasury, Investment and International Banking as of the same date.

**Nurettin Kolaç**  
**Executive Vice President**  
**Law and Risk Follow-up**

Mr. Kolaç graduated from the Faculty of Law at Marmara University. He served as an attorney and legal counselor in the banking, financial leasing, and insurance industries for 16 years. He worked as the Vice Head of Department and Head of Department (Legal) in the 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 also serves as the Chairman of Neova Sigorta, a Board Member at KT Portföy Yönetim A.Ş., and 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 Law and Risk Follow-up.

**Aslan Demir**  
**Executive Vice President**  
**Strategy**

Mr. Demir graduated from Marmara University, International Relations Department. He completed his Master's degree at Sheffield University in the UK with a thesis on "Critical Elements of Strategy Implementation in Banking Sector."

He began his banking career at Kuveyt Türk Treasury Department in 1995, served at the Treasury Department for six years, and continued his career at the Project Management and Quality Department between 2001 and 2004. He was appointed the Project Management and Quality Manager in 2005 and he went on to serve as the Information Technologies Group Manager in 2007. He has been serving as the Executive Vice President of Strategy since October 2012 while continuing to perform his duties at Katılım Emeklilik and Architect as a Board Member.

**Mehmet Oral**  
**Executive Vice President**  
**Retail and Private 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 European Side Regional Directorate in 2005. After having served 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 and Private Banking since October 2012.

**Abdurrahman Delipoyraz**  
**Executive Vice President**  
**SME Banking**

Mr. Delipoyraz graduated from the Industrial Engineering Department of 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 Intelligence Department until 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 Europe 1 and Anatolia Regional Directorates. He has been serving as the Executive Vice President of SME Banking since January 2015.

## KUVEYT TÜRK INNOVATIVE PRODUCTS AND SERVICES

### NEW FINANCIAL LEASING SERVICE COMPATIBLE WITH TLREFK INDEX

Kuveyt Türk was the first participation finance institution to offer Turkish Lira Overnight Participation Reference Return Rate (TLREFK) indexed medium and long term leasing financing service to its customers which was an index established in accordance with interest-free finance principles by TKBB and Borsa İstanbul. TL-based, variable cost and TLREFK rate-indexed leasing financing service, with the rate announced by Borsa İstanbul based on interest-free finance principles, allows to index medium and long-term leasing financing service and finance cost to a certain series. TLREFK rates are determined daily by Borsa İstanbul.

### A FIRST IN THE SECTOR: DIGITAL VEHICLE FINANCING

Standing out with innovative products and services, Kuveyt Türk put its signature under a first in Türkiye in 2022 and started "Digital Vehicle Financing" service which all transactions can be completed over Kuveyt Türk Mobile for those who would like to purchase new or second hand vehicles. Within the scope of Digital Vehicle Financing service, customers can perform the whole process of vehicle financing 24/7 via Kuveyt Türk Mobile without going to physical branch. Transactions can be completed the same day when required conditions are met. Moreover, customers have the privilege to use advantageous financing through digital-specific profit rate and bargain products.

### A FIRST FROM KUVEYT TÜRK: INTERNATIONAL SUPPLY CHAIN FINANCING

One of Kuveyt Türk's newest products in trade financing, International Supply Chain Financing, provides a comprehensive service for legal entity exporters for collection management for product and service sales, correspondence guarantee and financing products. Kuveyt Türk announced that it has been the first participation financing institution that was accepted to FCI as a member in 2021. FCI is the umbrella organization for financial institutions which provide guarantee and collection services to cash against goods type of exports. Kuveyt Türk realized its first transaction within FCI in 2022. International Supply Chain Financing transaction realized is the first transaction in Türkiye and in the world in participation finance area. International Supply Chain Financing received the Transaction of the Year award given by FCI which has 400 members in more than 90 countries.



### VISIONARY DIGITAL CONSULTANCY SERVICE FOR PUBLIC TENDERS

In 2022, taking technology and innovation into its focus to ease its customers' activities, Kuveyt Türk presented a new innovative and user-oriented service to its customers, specifically for public tenders. Kuveyt Türk now offers visionary digital consulting services for companies entering in public tenders with the "public tenders data analysis service" developed for the banking sector. Within the scope of this service, branch employees can rapidly access the tenders opened by the public procurement authority and can early detect the public tenders and business opportunities which may interest their customers.

### CALL FOR AGRICULTURE-FOCUSED ENTREPRENEURS!

Kuveyt Türk made its newest call to agriculture-focused entrepreneurs at Fikrinn Platform which it established for innovative ideas to come to life. Kuveyt Türk will provide opportunities to entrepreneurs operating in agricultural banking area for customer acquisition, easy access to financing, access to investment networks, corporate business partnerships and mentorship. Within the scope of the call, entrepreneurs need to work on agricultural banking areas such as sustainability in agriculture and livestock breeding, organic agriculture and good farming applications, high agricultural technologies, agriculture-focused digital marketplace and smart agriculture applications.

### INVESTMENT IN LONCA VENTURE CAPITAL FUND FOR TL 70 MILLION

Kuveyt Türk does not only stand by entrepreneurs by the products and services it provides but also by supporting innovative ideas and it continues to contribute to our country's economy. In this context, Kuveyt Türk made an investment of TL 70 million to Lonca Venture Capital Fund which was established by its 100% subsidiary, KT Portföy Yönetimi A.Ş., in the past months.

### "TRANSACTION OF THE YEAR" AWARD TO THE FIRST SUSTAINABLE SUKUK ISSUANCE OF THE WORLD

The Global Sustainable Tier 2 Subordinated Sukuk Issuance realized by Kuveyt Türk, which was the first one in Türkiye and the world and issued in accordance with participation financing principles received the "transaction of the year" award at the "Bonds, Loans & Sukuk Middle East" ceremony organized by GFC Media, one of the leading publishers of the financial markets. More than 150 investors had participated from a wide geographical area including Continental Europe, United Kingdom, America, Asia and Gulf to the sustainable sukuk issuance and received a demand of more than USD 4.3 billion.

### KUVEYT TÜRK WAS ENTITLED TO RECEIVE "ZERO WASTE CERTIFICATE"

Meeting all the criteria of the Zero Waste Circular by the Ministry of Environment, Urbanization and Climate Change, Kuveyt Türk received the Zero Waste Certificate for its Headquarters and banking base building.

Kuveyt Türk became the first participation financial institution to receive the Zero Waste Certificate as a result of the inspections performed by the Environment and Urbanization Province Directorate working under the Ministry of Environment, Urbanization and Climate Change.

### THE MOST INNOVATIVE BANK AWARD GOES TO KUVEYT TÜRK

Within the scope of "International Finance Awards 2022" organized by the International Finance magazine, one of England's leading finance and business analysis publications, Kuveyt Türk received the "Most Innovative Islamic Bank" award. Kuveyt Türk's customer-oriented approach, technology-innovation based activities and digital transformation steps played an important role in receiving this award.

### INTERNATIONAL AWARD FOR THE INNOVATION CENTER

Kuveyt Türk's innovation center Innhouse, received the "Bronze Stevie" award at the Stevie Awards for Great Employers 2022 which is one of the most prestigious business award organizations of the world.





## KUVEYT TÜRK: RESILIENCE AND INCLUSIVENESS

Interest in participation finance increases day by day both in the world and in Türkiye. We witness our community's increasing courtesy for participation finance products and we serve our customers and our country by taking the best customer experience into our focus.

Collecting funds based on participation in profit and loss, participation financing institutions supports the real economy by being careful to select funds used which correspond to a product or service in accordance with participation financing principles. The strong connection between monetary transactions and real trade increases the resilience of participation financing in general and participation banking in particular against financial risks.

Trade and mediation of majority of derivative financial instruments which caused financial crises to grow and expand globally in the past are disapproved by participation banks based on participation financial principles and participation banks inform their customers risks involved in these types of instruments. Non-preference of these financial instruments by participation financial institutions does not mean that these institutions fall behind in capital and monetary market applications. There are hedging instrument applications which are based on real economy and trade and in accordance with participation principles. These increase their market share every year in global markets.

Participation banks pays significant attention on providing correct, transparent and robust financial services to all segments of the community in accordance with participation financing principles. The financial inclusiveness demonstrated by them during pandemic, natural disasters and financial / economic crises is quite important.



The possibility of opening accounts remotely by video conferencing created a significant opportunity for participation banks which relatively have lesser number of branches than conventional banks. Being a participation bank customer got quite easier without time and place constraints, whether you are inside or outside the country.

As Kuveyt Türk, we aim to provide the fastest, the most fluid and flawless experience to our customers by putting experience on our focus in remote account opening processes.

We can view our customers' courtesy at NPS figures. We are pleased that we have a net promotion score above 80% in account opening processes. We continue our operations with our strategy of being the best bank of the sector in customer experience.

Appealing to all segments of the community, which is another requirement of financial inclusiveness is one of the priorities of Kuveyt Türk, as is the case for all participation financing institutions. We conduct many projects in youth banking to make our young population, most important treasure of our country, access financial services and to expand participation financing. Being aware of their digital competencies we strive to bring participation banking to them with the best digital experience, develop tools to help them manage their expenditures and try to increase access to ATMs and self-service banking points at university campuses.



# KUVEYT TÜRK'TE ÇİFTÇİ KAZANIYOR



**Uzaktan Hesap Açılışı ile Kuveyt Türk müşterisi olan esnaf ve çiftçilere masrafsız ve avantaj dolu özel paket!**

Diğer tüm avantajlar için hemen [kuveytturk.com.tr](http://kuveytturk.com.tr)'yi ziyaret edin.



**KUVEYT TÜRK**



## TÜRKİYE FİNANS GENERAL MANAGER'S ASSESSMENT

TL **153** billion  
Türkiye Finans's Asset Size



**Having maintained its strategy of sustainable and profitable growth, Türkiye Finans continued to provide financing support to the national economy for both retail and commercial customers. Despite all negative factors in the economy, we achieved great success in 2022 with an asset size of TL 153 billion.**

In addition to the financing agreement we have made with Saudi EXIM Bank, which is expected to provide USD 100 million in support to Turkish economy in 2023, we also provided cash loans and non-cash loans worth TL 101 billion throughout the year in contribution to our country's economy. These achievements stand out as the result of our hard work and dedication, and fill us with pride.

Dear Stakeholders,

Despite the challenges faced by the whole world in 2022, our country ended the year with remarkable growth thanks to its production and export-oriented development strategy, while indicating the sustainability of this growth with its social and economic breakthroughs. In spite of global headwinds, our country managed to achieve USD 254.2 billion in exports in 2022 with an increase of 12.9% YTD, thanks to the efforts of all institutions that support production and exports, especially ones in participation finance system.

As Türkiye Finans we continued our pioneering efforts for the people, society and the economy in 2022. We always mention that supporting manufacturers and exporters, especially for the real sector, is a necessity for the sustainable growth of our country, and we carry out our activities accordingly. While Türkiye keeps achieving export records one after another, we carry the banner for production and exports in every chance we get, and we still believe that Türkiye will achieve USD 500 billion in annual exports.

Having maintained its strategy of sustainable and profitable growth, Türkiye Finans continued to provide financing support to the national economy for both retail and commercial customers. Despite all negative factors in the economy, we achieved great success in 2022 with an asset size of TL 153 billion. Thanks to various funding sources, the Bank increased its share of participation accounts to a total of TL 60 billion, while significantly increasing the share of Turkish lira in funding sources and achieving TL 103 billion in total funds with a growth of 22 percent. Using its increased funding sources to expand its financing capacity, the Bank contributed to the sustainability of production and trade by financing companies that represent the lifeblood of the economy. Thanks to this strategy, the Bank's loan book grew 33% to reach





<b>Establishment Date</b>	1991 (as Anadolu Finans); 2005 Türkiye Finans
<b>Chairman</b>	Wael Abdulaziz RAIES
<b>General Manager</b>	Süleyman Murat AKŞAM
<b>Headquarters</b>	Saray Mahallesi Sokullu Caddesi No: 6 Ümraniye/İstanbul
<b>Phone</b>	+90 216 676 20 00 (pbx)
<b>Fax</b>	+90 216 676 29 05
<b>Website</b>	www.turkiyefinans.com.tr
<b>E-mail</b>	4442444@turkiyefinans.com.tr
<b>Corporate E-mail</b>	turkiyefinans@hs03.kep.tr
<b>SWIFT Code</b>	AFKBTRIS
<b>Trade Registry</b>	401492 İstanbul Trade Registry Office
<b>Central Registry (MERSİS) No</b>	006800638709522

**As Türkiye Finans we continued our pioneering efforts for the people, society and the economy in 2022. We always mention that supporting manufacturers and exporters, especially for the real sector, is a necessity for the sustainable growth of our country, and we carry out our activities accordingly.**

TL 82 billion, while its non-cash loans surged to TL 19 billion. Maintaining the robust capital structure required for sustainable growth, the Bank managed to increase its regulatory capital to TL 16.4 billion with an impressive growth of 62 percent.

As we felt the impact of the regulations in digital banking and finance to a greater extent in 2022, we also saw the concept of open banking come to the fore with new innovations. Türkiye Finans showed a strong performance in the digital age and continued to transform timeless business models into excellent customer experience, innovative products and services by further investing in its banking vision of serving its customers anytime, anywhere. Strengthening its key position in the industry with various innovations, the Bank continues to attract new customers to the

participation finance system, and turn the ever-growing competition to an opportunity. With innovative products such as eXtra Limit, TFXTarget Investment Platform and Fast Financing, a widespread deposit strategy, various financing options, and the ability to quickly adapt to innovative practices that contribute to financial inclusion, the Bank continued to achieve success with its pioneering efforts in 2022.

These successful results were achieved thanks to my colleagues who draw inspiration from team spirit and turn it into hard work, and you, our esteemed stakeholders, who support us every step of the way.

The year 2023 is a special one, as it marks the 100<sup>th</sup> anniversary of our Republic. While we were deeply saddened by the devastating earthquake that happened in the first

months of the year, we were able to come together as a nation and do our best to help those affected by the earthquake. At Türkiye Finans, we will continue to stand by our people and our country with all our strength and faith under all circumstances. We have no doubt that we will overcome these challenging times in solidarity.

Sincerely,

**Murat AKŞAM**

Board Member & CEO

## TÜRKİYE FİNANS SENIOR MANAGEMENT

### **Süleyman Murat Akşam** **Board Member, CEO and Member of** **the Credit Committee**

Mr. Akşam earned his B.Sc. degree in Management Engineering from İstanbul Technical University in 1990. He worked as Sales Representative at Beko between 1991-1993, and as Regional Responsible at RAM Dış Ticaret A.Ş. between 1993-1997. He joined Türk Ekonomi Bankası as Credit Officer and Credit Allocation Assistant Manager in 1997, and took up the roles of Corporate Credits Manager (2000-2005), Director of Corporate and Commercial Credits Underwriting (2005-2014), and Corporate Banking Group Director (2014-2017) respectively. Mr. Akşam joined Türkiye Finans in 2017 where he held the position of Commercial Banking Executive Vice President from 2 May 2017 to 24 March 2021. Mr. Akşam took up the roles of Board Member and Acting CEO of Türkiye Finans on 21 February 2020, and has been serving as the CEO since 24 March 2021. He has 31 years of professional experience in banking and business administration.

### **Ahmet Mert** **Executive Vice President / Retail** **Banking**

Ahmet Mert graduated from İstanbul University Faculty of Engineering, Department of Electrical and Electronics Engineering, and completed his Master's degree in Executive MBA at Yeditepe University. Starting his career in the telecommunications industry, Mr. Mert embarked on the banking sector and having started at Garanti Payment Systems in 2001. He was responsible for Credit Assignment, Monitoring, and Tracking Strategies and Policies at Risk Management and R&D/Business Development Units. He joined the Türkiye office of Experian, a global consultancy firm, in 2006. As the Senior Solutions Manager responsible for Türkiye and the Middle East Region at Experian, he managed the Product & Service Development, Distribution, and Support Teams. In 2010, he joined the Türkiye Finans group as Risk Analysis Manager. He worked as the Executive Vice President responsible for Credit Quality and Collections between 30 September 2016, and 21 March 2022. As of 21 March 2022, he has been appointed as the Retail Banking Executive Vice President. Ahmet Mert also has been serving as Vice Chairman of the Board at TF Varlık Kiralama A.Ş. since 30 September 2016. He has 22 years of professional experience in banking and consultancy.

### **Emre Ertürk** **Executive Vice President / Credits**

Born in 1976 in Samsun, Emre Ertürk graduated from the Department of Civil Engineering at İstanbul Technical University. He holds an MBA degree from İstanbul University and a Master's degree in Management Information Systems from Boğaziçi University. Beginning his career in banking at Dışbank in 1999, he held office as the Inspector and Unit Manager of the Inspection Board respectively until 2005. He later worked as the Assistant Head of the Inspection Board at Fortis Bank between 2005-2011 and at TEB between 2011-2012. He joined Türkiye Finans Katılım Bankası in 2012 and he has served as the Head of Inspection Board until 7 December 2020. As of the same date he was appointed as the Executive Vice President responsible for Credits.

### **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 Türkiye (CIO) in 2010 and 2011. He has been working as the Executive Vice President responsible for IT Systems at Türkiye Finans since June 2011.

**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. He worked as a Bank Examiner at the Banking Regulation and Supervision between 2001-2007, and as the Deputy General Manager at Creditwest Bank Between 2007-2011. Mete Kanat joined Türkiye Finans Katılım Bankası in 2011. Since 2016, Mete Kanat has been serving as the Executive Vice President of Finance and Strategy. Joining the Türkiye Finans family in 2011 as the Official Reporting and Financial Control Manager, Mr. Kanat became the Director in charge of the Risk Management Center in 2014. On 31 March 2016, he was appointed as the Executive Vice President responsible for the Risk Management Center with responsibility of the same task. Mete Mehmet Kanat was appointed as the Executive Vice President responsible for Finance and Strategy on 30 September 2016.

**Murat Altun**  
**Executive Vice President / Commercial Banking**

Murat Altun graduated from Çukurova University, Department of Economics in 1997. He started his banking career in 1998 at Türk Ticaret Bankası as an Inspector. He held positions as Commercial and SME Banking Assistant Manager, Branch Manager, Sales Manager, Group Manager, and Regional Director in various banks for about 20 years. He joined the Türkiye Finans family in 2018 as the Commercial Banking Sales Director. He served as Corporate Banking Sales Director between 2019 and 2022. As of 18 April 2022, Mr. Altun has been appointed as the Executive Vice President of Commercial Banking.

**Ogün Ataoğlu**  
**Executive Vice President / Credit Quality and Collections**

Born in Trabzon in 1974, Ogün Ataoğlu graduated from İstanbul University, Faculty of Economics and Administrative Sciences, Department of Economics in English. He embarked on his career in 1999, working for EGS Bank as Assistant Inspector at the Board of Auditors. In 2003, he started working for Family Finans Bank as Senior Controller at the Department of Internal Control. He served as Deputy Head of the Internal Control Department and then as the Compliance Manager/ Compliance Officer in 2009. In 2012, he was appointed as the Head of Internal Control. Since March 2016, he has been the Senior Vice President of the Internal Control Department. He served as the Director of the Internal Control and Compliance Division between 1 February 2019, and 18 April 2022. Mr. Ataoğlu has been appointed as Executive Vice President of Credit Quality and Collections as of 18 April 2022.

**Yiğit Satılmaz**  
**Executive Vice President / Treasury**

Having graduated from Princeton University in 2008, Yiğit Satılmaz embarked on his career as a trader at the Treasury Department of JP Morgan London. He served as a trader in JP Morgan New York between 2010 and 2012. In 2012, he started to work for ING Türkiye as Treasury Sales Department Manager. He served as Treasury Marketing and Product Development Group Manager in 2014-2015 and as Financial Institutions Group Manager between 2015 and 2018 at the same company. Having worked for ING London in 2018 and 2019, Mr. Satılmaz was appointed as the Group Manager in charge of the Treasury Group at ING Türkiye in 2019. As of June 2020, Yiğit Satılmaz was serving as the Treasury Executive Vice President at Türkiye Finans.

**Züleyha Büyükyıldırım**  
**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, Ms. 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, Ms. 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 INNOVATIVE PRODUCTS AND SERVICES

### 2022 AT TÜRKİYE FİNANS

In 2022, Türkiye Finans was focused on responding to its customers' needs and expectations by offering products and services proactively based on changing customer needs. With a people-oriented banking approach, Türkiye Finans defined providing benefit for people as its priority purpose in its technology investments and all business processes.

### DIGITAL BANKING

In 2022, when developments in the world rapidly changed customer needs, competition continued regardless of the sector and new players emerged, Türkiye Finans strengthened its position of being the bank of the digital with its digital transformation activities keeping its customer-oriented point of view.

With its infrastructure updated in line with technological developments, Türkiye Finans implemented efficiency and user-oriented business models at all Digital Banking channels. The Bank took robust steps in 2022 to reach the invisible banking level which is defined as banking of the future by making it possible for its customers to complete being a customer process within minutes via Mobile Branch without the need to go to a branch and with its advanced digital transaction set.

Carrying its activities to develop its channel transaction set and to create an integrated customer experience among channels in 2022, Türkiye Finans presented to its customers its updated mobile and internet branches with a new user-friendly interface.



### FEELESS BANKING AND PLACELESS, TIMELESS BANKING EXPERIENCE

Türkiye Finans announced its offer that it designed by not taking fees from basic banking transactions from its individual customers with a 360 degree marketing communication with the motto "Feeless Banking is Already at Mobile with Türkiye Finans and the Rest is Ready for You!".

Promotion of technological experience continued with the #NoTimeNoPlace communication campaign which allows users to be a customer of Türkiye Finans via Mobile branch whenever they want, wherever they want.

### THE MOST IMPORTANT FACTOR AT TÜRKİYE FİNANS' SUCCESS: INNOVATIVE PRODUCTS AND DIGITAL INFRASTRUCTURE

Türkiye Finans integrated its open banking experience into its digital banking processes, primarily being a customer via Mobile Branch. In this context, the Bank offered a shopping experience for its customers where they respond to their needs in their daily lives rapidly, securely and easily with the eXtra Limit product which is completely contactless and digital. The eXtra Limit product, the first in the sector with the advantages and customer experience provided by Türkiye Finans was announced with "Limit on the Side, Power in Your Hands" campaign.

Having a mission of building the first API market of the finance sector, Türkiye Finans planned joint businesses with fintechs through APIs developed; continued its activities to provide innovative products and services.

Türkiye Finans also presented financing support to customers who wish to purchase appliances, electronics, furniture, vehicle and similar products from tens of thousands of contracted stores across Türkiye with another innovative product developed with its digital infrastructure, Quick Financing. Defined as on-site consumer financing, Türkiye Finans carried the financial support it provides in branches to outside of branches with Quick Financing product; financing is provided where it is needed without the need to go to a branch.



## TÜRKİYE FİNANS AND SUSTAINABILITY

Türkiye Finans provides financing support to a wide array of solar and wind power plants when it comes to maximizing their potential for sustainable energy. In addition, the bank views the roofing of the production facilities of the companies it works with within the scope of Roof Solar Power regulations as a natural source of richness in solar energy generation, and supports this potential. With this understanding, Türkiye Finans provided more than USD 400 million in financing to 526 MW of renewable energy projects in Türkiye, primarily in the field of green energy.

Considering diversity as one of the five corporate values of the bank, and another important field of action for sustainability, Türkiye Finans has achieved a female employee ratio of 37%, which is higher than the average for the participation banking sector. In addition, the bank has aimed to raise awareness of the power and influence of women in the financial world through its Feride Şevket Hanım Bank project, which it has conducted through social media to draw attention to women's employment. With this project, we managed to bring together thousands of female employees from 25 banks and 78 different financial institutions under the umbrella of the Feride Şevket Hanım Bank on LinkedIn.

### TÜRKİYE FİNANS AND RESILIENCE

Participation financing system with its priority to support production, trade and exports, which is at its heart, contributes to economies' resistance and resilience in areas such as inflation and employment. At exactly this point, participation financing which emerged as an effective tool for financing of global development and which became the main stream in global finance has a great potential for building a resilient economy and to increase prosperity.

Today, increasing financial inclusiveness that serves sustainable development to desired levels is directly connected to digital transformation being socialized. Digital technologies, primarily financial technologies gained acceleration and rapidly grew during the pandemic period. Expansion of digital technologies such as mobile communication and smart phones, cloud storage, big data, artificial intelligence (AI) and related banking regulations made digital inclusiveness mandatory for the expansion of financial inclusiveness.

In challenging times, participation finance system, with its strong capital, became one of the significant sectors supporting our economy. Participation finance, getting stronger by increasing its market share in banking sector and growing consistently, continues to support production and investments at all macroeconomic conditions. As one of the pioneer actors of this significant mission, Türkiye Finans will continue to strengthen the inclusive role of participation finance. At this point, the Bank provides its innovative and leading products developed with a digital and financially inclusive perspective to its customers with a sustainable point of view.



# KÜÇÜK BİRİKİM YOKTUR BÜTÜN BİRİKİMLER BÜYÜKTÜR

Birikiminizi Türkiye Finans'ta değerlendirin, avantajlı tanışma oranları ve size özel sunduğumuz fırsatlardan yararlanın.

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**ORANLAR**

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#birliktebaşlayalım

**Türkiye Finans**



Kampanya ve ürün kullanım koşulları ile ilgili detaylı bilgiye [www.turkiyefinans.com.tr](http://www.turkiyefinans.com.tr) adresinden ulaşabilirsiniz. Banka, kampanya şartlarında değişiklik yapma ve kampanyayı durdurma hakkını saklı tutar.

## VAKIF KATILIM GENERAL MANAGER'S ASSESSMENT

TL **188** billion  
Vakıf Katılım's Asset Size



**Vakıf Participation increased its total asset size by 86% compared to the end of 2021, reaching TL 188 billion, and recorded a growth performance above the sector. During this period, the volume of funds collected increased by 88% to TL 139 billion.**

Giving priority to supporting the consistent growth of Turkish economy from the first day of establishment, Vakıf Katılım directs its existing resources to development, growth and support of the real sector; develops its products and services with the purpose of creating comprehensive and fast responses for individuals and institutions for the development of the economy.

I would like to offer my condolences for the ones we lost at the devastating earthquake disaster and wish their friends and relatives patience. I believe we will overcome these difficult days with mobilization started by our government and nation with the feelings of solidarity.

Fluctuations experienced in global economic activities, increase in energy and food prices brought an inflationary outlook in global markets.

The earthquake disaster in our country at this economic atmosphere slowed down planned economic activities. However, Turkish economy presents a decisive position in sustaining its stable outlook based on its vision of "investment, employment, production and export oriented sustainable growth". Conducting its operations with its vision of being the sector's reference institution without compromising participation finance principles, Vakıf Katılım continues its activities as the supporter of the program followed within the framework of the new economic model.

Vakıf Participation increased its total asset size by 86% compared to the end of 2021 and reached TL 188 billion, outperforming the sector in terms of growth performance. During this period, the volume of funds collected increased by 88% to TL 139 billion. Acting with the mission of directing its existing resources in line with the development and growth of the real sector and responding urgently to the needs of the real sector, Vakıf Participation increased its cash and non-cash financing support by 98% compared to 2021 and reached TL 158 billion.





<b>Establishment Date</b>	2016
<b>Main Shareholders</b>	Turkish Prime Ministry's General Directorate of Foundations (99%), Bayezid Han-ı Sani (Bayezid the 2 <sup>nd</sup> ) Foundation (0.25%), Mahmud Han-ı Evvel Bin Mustafa Han (Mahmut the 1 <sup>st</sup> ) Foundation (0.25%), Mahmud Han-ı Sani Bin Abdülhamid Han-ı Evvel (Mahmut the 2 <sup>nd</sup> ) Foundation (0.25%), Murad Paşa bin Abdusselam (Murat Pasha) Foundation (0.25%), Murat Paşa Bin Abdusselam (Murat Paşa) Foundation (0.25%)
<b>Chairman</b>	Öztürk ORAN
<b>General Manager</b>	Osman ÇELİK
<b>Headquarters</b>	Saray Mahallesi, Dr. Adnan Büyükdeniz Caddesi, No: 10 Ümraniye-İstanbul
<b>Phone</b>	+90 216 800 55 55
<b>Fax</b>	+90 216 800 55 56
<b>Website</b>	www.vakifkatilim.com.tr
<b>Number of Domestic Branches</b>	VAKFTRIS
<b>Number of Domestic Branches</b>	210
<b>Number of Domestic Branches</b>	165
<b>Number of Employees</b>	2,384

Comprehensive protocols were signed with professional higher institutions to increase diversity of financial services offered by facilitating access of SMEs to financing and launched advantageous product and service packages for entrepreneurs.

Since the date currency protected participation accounts were effective Vakıf Katılım, demonstrated a quick adaptation within the liraization strategy and contributed to the process at a performance above the transformation targets.

Additionally, in accordance with increasing satisfaction of our employees, which we deem as our important stakeholders, to the highest level we implement comprehensive action plans and serve to increase the knowhow of participation finance sector with the competent personnel we raise.

As Vakıf Katılım, we will continue to mediate in access to financing of all business lines operating in different sectors, to create solutions for the needs of our customers in digital banking and to increase our support for the entrepreneurship ecosystem with the purpose of sustaining consistent growth of our economy.

Respectfully,

**Osman ÇELİK**  
CEO

**Acting with a mission to direct its existing resources to development and growth of the real sector and to create comprehensive and fast responses for their needs, Vakıf Katılım increased its cash and non-cash financing support by 98% compared with 2021 and reached TL 158 billion.**



## VAKIF KATILIM SENIOR MANAGEMENT

### **Osman Çelik** **General Manager**

Osman Çelik was born in Erzincan in 1964. He graduated from the Faculty of Economics and Administrative Sciences, Department of Economics at the Middle East Technical University. Between 1986-1987, he worked as an economist at the State Institute of Statistics. Between 1988-1995, he worked as a Specialist and as Chief Specialist at the Project Assessment and Preparation Department of the Faisal Finance Institution. He continued his duty as the Project and Marketing Manager at İhlas Finance between 1995-1999. Between 2000-2005, he worked as the Executive Vice President at Anadolu Finance. He took up the positions of Executive Vice President responsible for Loans and Commercial Banking, respectively at the Türkiye Finans Katılım Bank between years 2006-2015 and as the CEO from June 2015. Mr. Çelik was appointed as the Undersecretary to the Treasury on 29 June 2016. During this period, he also served as Executive Committee Member at Islamic Development Bank and as Türkiye's G-20 Sherpa. He also served as Governor at World Bank, EBRD, Asian Development Bank, Black Sea Trade and Development Bank, Ecobank and Asian Infrastructure Investment Bank and as Executive Committee Member at FSB, Financial Stability Committee, Interest-Free Finance Coordination Board and KOSGEB (Small and Medium Industry Development Organization). Mr. Çelik, who served as Chairman of the Board, Member of the Board and Chairman of the Audit Committee at Turk Eximbank between 2017-2021, has been appointed as a Member of the Board of Directors and Chairman of the Credit Committee at Vakıf Katılım Bankası A.Ş. as of October 2018. Osman Çelik has been appointed as the General Manager of Vakıf Katılım as of 25 March 2022.

### **Betül Yılmaz** **Executive Vice President** **Corporate Communications and Real Estate Management**

Born in Ankara in 1972. Betül 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 AŞTi (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 Asya Finans Kurumu by 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 joined Vakıf Katılım in April 2018 as the Executive Vice President responsible for Corporate Communications and Real Estate Management. Ms. Yılmaz is married and has two children.

### **Bülent Taban** **Executive Vice President / Marketing Loans**

Born in 1966. Bülent Taban 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 Albaraka Türk, 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 Marketing.

### **Ahmet Ocak** **Executive Vice President / Finance**

Born in the Kuşdoğan Village of the Ünye district, Ordu in 1965. Ahmet Ocak 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, Ankara and Konya Branches of Albaraka Türk Katılım Bankası A.Ş. At Albaraka Türk Katılım Bankası A.Ş. Head Office. He worked as the Assistant Department Manager and Department Manager at the Financial Affairs Department between 1996 and 2001, as the Chairman of the Internal Control Center Department 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 he worked as the Budget and Financial Reporting Senior Manager between 2012 and 2014, as the Senior Department Manager in the Investment Projects Department 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.

### **Sabri Ulus** **Executive Vice President** **Treasury and Strategy**

Born in Konya in 1971. Sabri Ulus graduated from the Department of Public Management of Faculty of Economics and Management Sciences of Selçuk University. He started his banking career at Akbank T.A.Ş. in 1995 and then, he continued his career in London, where he

assumed important roles at Turkish Bank UK Ltd., HSBC Bank plc. /HSBC Amanah, and UBS AG for 11 years. Then he returned to Türkiye and served as Director of Treasury at Türkiye Finans Katılım Bankası A.Ş. between 2009-2011. He joined Fajr Capital - Dubai as Director and was seconded to Bank Islam Brunei to head Treasury & Capital Markets between 2011-2014. Furthermore, in his previous role, Mr. Ulus worked for The National Commercial Bank - Saudi Arabia as EVP, Treasury Islamic Solutions & Business Development between 2014-2020. Since May 2020, he has been carrying out the duty of Executive Vice President responsible for Treasury and Strategy at Vakıf Katılım Bankası A.Ş.

**Hüseyin Tunç**  
**Executive Vice President / Loans**

Born in Kastamonu in 1968. Hüseyin Tunç graduated from İstanbul University Faculty of Political Sciences Public Administration Department in 1989. Between 2018-2020, he completed his education at Anadolu University Open Education Faculty, School of Justice.

Having started his banking career in 1989 in Töbank T.A.Ş. as Assistant Inspector, Hüseyin Tunç worked at Türkiye Halk Bankası A.Ş. between 1992-1995. He served as Inspector, Branch Manager and Unit Manager at Albaraka Türk Katılım Bankası A.Ş. between 1995-2016. He served as CFO at Aynes Gıda A.Ş. which was under the management of Saving Deposit Insurance Fund (SDIF) between January and April 2017.

As of April 2017, he joined Vakıf Katılım Bankası A.Ş. and worked as Commercial and Corporate Credits Allocation Manager until December 2020.

As of 31 December 2020, he has been serving as Executive Vice President responsible for Loans at Vakıf Katılım Bankası A.Ş.

Hüseyin Tunç, who also has published books, has the title of Independent Accountant and Financial Advisor.

**Mehmet Bütün**  
**Director**  
**Information Technologies and Digital Banking**

Born in İstanbul in 1980. Mehmet Bütün graduated with a bachelor's degree from the Department of Management Information Systems at Boğaziçi University.

During his career, he worked as the Business Analyst and Project Manager in Turkcell and Türk Telekom (Avea) and then in 2010, he worked in Business Development and the Miles & Smiles Loyalty Program and as the CRM Department Manager at Turkish Airlines. In 2012, he joined Teradata Türkiye as the Senior Industry Leader responsible for the Telecommunication and Media sectors. He provided consultancy services to sector customers in the field of big data and analytics solutions for more than 3 years. He was then appointed as the Vice President of Digital Services at Turkish Airlines at the beginning of 2016.

He managed the airport passenger systems as well as all digital customer channels and services of the Turkish Airlines and Anadolujet brands. On 1 November 2018, he joined Vakıf Katılım as the Director responsible for Information Technologies and Digital Banking. He is married with three children.

**Alpaslan Özen**  
**Director**  
**Legal and Credit Monitoring**

Mr. Alpaslan Özen graduated from İstanbul University Faculty of Law in 1994. Between 1997 and 1998, he worked at Türkiye Tütüncüler Bankası Yaşarbank A.Ş. He served as an Attorney, Assistant Legal Counsel and Legal Counsel at Counsel between 1998 and 2015. As of November 2015, Mr. Özen joined Vakıf Katılım and served as Legal Counsel until 2021 December. As of January 2022, Alpaslan Özen is working as Director of Operations and Legal Affairs.

**Muhlis Yazgan**  
**Director**  
**Retail Banking and Product Management**

Born in Ankara in 1980, Mr. Yazgan graduated from İstanbul University Faculty of Communications. In 2011, he completed his graduate program in Business Administration. Mr. Yazgan started his banking career in 2004 at the Retail Marketing department and until 2015 he served as Branch Portfolio Manager, managerial positions at Headquarters SME Banking, Commercial Banking and Regional Offices. As of December 2015, he joined Vakıf Katılım as Retail Banking Department Manager, worked at this position until November 2019, then served as Credit Monitoring and Collections Department Manager and Credit Monitoring Department Manager, respectively. As of 14 January 2022, he acts as Director in charge of Retail Banking and Product Management at Vakıf Katılım. Mr. Yazgan is married with one daughter.

**Ersin Çatalbaş**  
**Director**  
**Human Resources**

Born in Sakarya in 1975. He completed his undergraduate study in the Department of Econometrics at the Faculty of Economics and Administrative Sciences of Dokuz Eylül University and his post-graduate degree at the Banking Education Department of the Educational Sciences Institute of Gazi University. After graduating from the Banking School of Ziraat Bank, where he enrolled in 1998, he served as a specialist at the Department of Capital Markets until 2002. In 2002, he was involved in the establishment of the Internal Control Department of the same bank. Having served as an Internal Controller, Senior Internal Controller and the Department Manager at the Internal Control Department between years 2002 and 2014, he also served as the Branch Manager at Ziraat Bank between years 2014-2015. He started his career at Vakıf Katılım in January 2016 as the Internal Control Manager and was appointed as the Chairman of the Audit Board in April 2019. As of 26 August 2022, he serves as Director Responsible for the Human Resources.

## VAKIF KATILIM INNOVATIVE PRODUCTS AND SERVICES

### PROJECTS

#### Corporate Website Transformation

A dynamic design was made which is trustful, synergic and which complies with public participation finance principles. We launched our user-friendly corporate web site with a brand new face and improved experience for our customers.

#### Traffic Penalty Payment with Turkish Republic Identity Number, Tax Identity Number and License Plate

We re-designed the Traffic Penalty menu at digital channels. We enabled our customers to make their payments easily with Turkish Republic Identity number, Tax Identity Number, License Plate or Declaration.

#### Get / Update Password and Remove SIM Blockage with Turkish Republic Identity Number

Users who want to receive digital banking password can get password and remove blockage on SIM rapidly and securely using their Identity Cards with chips via remote verification without using any of their cards or going to branches.

#### Mobile Branch New Dashboard

With our new main page, all assets can be viewed and easy access to financial data was made possible. With the customizable mobile experience approach, it is possible to change the view of short cuts and menus.

#### Online Letter of Guarantee

This is a product which makes application for letters of guarantee possible from internet branch without going to a branch for customers whose limits/guarantees are available and general controls are appropriate.

#### TÜBİTAK 1509 - Training Platform Supported by Artificial Intelligence

An integrated platform was established for "Training and Learning" needs of entities through artificial intelligence supported and automated new learning platforms within the project supported by EU Eureka platform and TÜBİTAK. The project consortium included SESTEK and VAKIF KATILIM from Türkiye,

8NALYTICS from Singapore and CREO from Hungary.

#### Erasmus+KA2 IDA (Inclusive Digital Academy) Project

IDA (Inclusive Digital Academy) project which started within the scope of Erasmus+KA2 program supported by the European Union aimed to make mentally challenged individuals' lives easier and was conducted by collaborating with 9 European countries including Poland, France, Germany and Greece. The objective of this project is establishing a special platform to make mentally challenged individuals use technological tools and our organization realized the activities for technologic design of the platform and to transform it to a product. Applications developed on web and mobile devices are presented for use by mentally challenged individuals in Türkiye and in Europe.

#### Emar - Microservice Software Infrastructure

Emar project provides a standard path to establish and distribute microservice applications. It was developed as an infrastructural platform to ease development of software applications, products and solutions, provide their security and reduce code repetitions.

#### Extending Interest Free and Cost-free Benevolent Loan up to a Term of 12 months for İGDAŞ Subscribers

We activated a financing opportunity at our branches between 1 November 2022 and 31 May 2023 to be used in İGDAŞ invoice payments which is interest-free, cost-free and with term options up to 12 months. Thus, with an interest-free, cost-free financing of up to TL 8,000, invoices that will be received throughout winter can be paid automatically from this financing limit and these financing installments can be paid easily up to terms of 12 months.

#### Payment and Electronic Money Organizations FAST Integration

We offered FAST application through web services to provide services for cash transactions of Payment and Electronic Money Organizations and to increase customer satisfaction. When you consider the high integration cost of Payment and Electronic Money Organizations to FAST system, by implementing this service, we provided opportunity for Payment and Electronic Money Organizations to be included in the system by eliminating integration costs.

#### Account Opening Service at PTT Branches

In line with our mission of being a reference organization among participation finance institutions, strategy of financial inclusion and the goal of increasing market share of participation finance institutions in the sector, we provided integration with PTT for account opening service at PTT offices on behalf of our organization.

Our collaboration with PTT started in 2017 with ParaPosta and continued with Vakıflar rent collections. With the account opening service through PTT, we aimed for access to customers at provinces and districts where we do not have branches in and to increase customer satisfaction.

#### Green Financing

In 2022, we extended funds of TL 1.5 billion for green projects (Solar and Wind Energy Systems). We mediated in establishment of Solar Energy System plants with a total capacity of 91 MWh. With the Energy Plants established, more than 150 million KWh electrical production was achieved, 140 thousand tons of carbon emission to clean 450 thousand trees was prevented.

In 2022, we reviewed more than 1,200 "Green Energy" project requests and we provided support of approximately TL 1.5 billion on 132 different projects we provide consultancy for, thus we took a leading role in reducing our country's dependence on other countries for energy.



### Women Entrepreneur Support Package

We provided financial support for entrepreneurs and businesses with women owners through Women Entrepreneur Support Package with "Your Dreams Our Targets!" motto.

### ACHIEVEMENTS AND AWARDS

- At the most prestigious awards of the sector, Brandon Hall Group HCM Excellence Awards and Stevie Awards for Great Employers, we received several awards in different categories; the long-term internship program designed for university students "Participate in Future" at "The Best Authentic / Innovative Talent Management" category, "Development of Future Branch Managers Program" at "The Best Leadership Development Program" category, "Coaching and Mentorship Program" at "Achievement in Coaching and Mentoring" category.
- With the error-free transaction rate of 99% in SWIFT transactions, we were entitled to End-to-end Automation Excellence Award (STP) given by Citibank.
- We became the first finance institution that announce its readiness for providing financing support at favorable costs for easy access to Türkiye's first domestic car Togg.
- We received "The Most Reputable of the Year" award at the Awards Integrated Marketing Awards.

We were at the 3<sup>rd</sup> place in the Best Digital Transformation Project category, with the project paper named "Digital Tools Learning Platform for Mentally Challenged Individuals (IDA)" presented by Zeynep Erbaşı, Samet Özmen and Kazım Tamer Karagöz from the R&D Management and Coordination Department at the scientific congress "RDCONF R&D and Innovation 2022".

- We had the 1<sup>st</sup> place in the Best Future of Work Automation category at 2022 IDC CIO awards, at which 210 projects in 14 categories competed, with the "Rizico - Block Chain Based Customer Information Sharing" project.
- Our Director in Charge of Information Technologies and Digital Banking Mr. Mehmet Bütün was among the 32 rewarded CIOs within the scope of CIO Awards presented since 2010, which evaluated more than 160 projects with "Sharing Customer Guarantee Information Needed by Information Departments of Banks with the Blockchain Infrastructure (Rizico) project"
- We received the third place award at IDC Türkiye Finance Technologies Awards' Digital Channels category with our Account Opening via Mobile Branch by Remote Identity Verification Project.

### PUBLICATIONS

#### 2<sup>nd</sup> International Multidisciplinary Nature Sciences and Engineering Congress

Our paper named "A Content-based Recommendation System For Online Quiz Contents" which is a result of our project "Mobile Game Design to Increase Promotion of our Institution" was accepted and presented at the 2<sup>nd</sup> International Multidisciplinary Nature Sciences and Engineering Congress (ICOMNAS 2022) organized in Ankara on 1-2 December 2022.

#### International Research-Development and Design Conference 2022 (RDConf2022)

Our project paper named "Digital Tools Learning Platform for Mentally Challenged Individuals" prepared by Zeynep Erbaşı, Samet Özmen and Kazım Tamer Karagöz from the R&D Management and Coordination Department was accepted and presented at the 2<sup>nd</sup> International Conference on Design, Research and Development (RDCONF 2022) conference. The subject of the article includes the technical details of the IDA

(Inclusive Digital Academy) project which started within the scope of Erasmus+KA2 program that Vakıf Katılım conducts technological design and productization processes, supported by European Union to make the lives of mentally challenged individuals easier.

#### International Council for Educational Media Conference (ICEM'22)

Our article named "Digital Tools Learning Platform for Mentally Disabled" was accepted by the Council for Educational Media Conference (ICEM'22) organized on 12-14 October in Portugal. Zeynep Erbaşı, our R&D Center employer, presented the article.

### PATENT APPLICATIONS

#### A Letter of Guarantee Transmission System

This invention is about a blockchain based letter of guarantee transmission system to organize transmission and sharing process of letters of guarantee which are assurance certificates issued by the banks to its customers. This invention allows sharing of letters of guarantee given by the banks by beneficiary, payer and guarantor securely, certified and simultaneously using blockchain technology. Using a confidential and authorized architecture, the system protects data confidentiality and security; structures participants' authorizations sensitively.

#### A System for Improving the Intelligibility of Call Center Interviews

The invention provides a system for improving the intelligibility of calls in call centers. It also includes instantaneous answering of a desired famous voice of the person receiving the call in call centers and adjusting unwanted voice tones to the optimum frequency. Invention can also recommend famous voices according to the profile of the caller.

## VAKIF KATILIM: RESILIENCE AND INCLUSIVENESS

Since the first day it was established, Vakıf Katılım acts with a vision of being a reference institution for the sector without compromising participation finance principles. Increasing its cash and non-cash fund support to approximately TL 160 billion in 2022, Vakıf Katılım raised its asset size to more than TL 200 billion and its paid-in-capital to TL 14 billion 635 million as of the first quarter of 2023 and became more powerful.

At the global side, bankruptcies of banks and related disruptions in risk perception resulted in questioning the effectiveness of risk management in conventional banking. This and similar experiences demonstrated significance of designing products developed by the participation finance sector based on real economy and how significant resilience against systemic risks is. In terms of global macroeconomic outlook, during this period when uncertainties caused by geopolitical tensions and inflationary environment increased, Vakıf Katılım demonstrated an effective risk management thanks to the support of

its strong capital and profitability. The high level of capital adequacy and strong growth performance recorded without compromising the asset size confirm this situation.

Vakıf Katılım, as an important actor of the banking and finance ecosystem in Türkiye, made the strong capital it has available for the real economy and diversified its products and services for all segments of the community. In this manner, its target is to increase financial inclusiveness of participation finance products and adopt a principle to have an inclusive customer base and risk allocation with a strong financial management.

Vakıf Katılım expanded its geographical coverage area to support sustainable growth in the medium-term outlook, continued to make investments which will increase digital competencies and achieved efficiency increase in operational processes. During this period, in addition to its contribution to Turkish economy and success in financial performance, Vakıf Katılım continued to be at the service of citizens at all regions by expanding

its branch network. In 2022, seven new regional offices were created to enhance effectiveness of marketing activities, to maximize customer satisfaction by continuously reviewing extension processes and contribute to inclusiveness strategy.

Operating with the vision of “Common Past, Common Future” since the day of establishment, Vakıf Katılım continues to be the supporter of investment activities within the scope of sustainability, being aware of the importance of sustainable finance for a sustainable future. In this respect, Vakıf Katılım continues its activities in renewable energy financing and social finance applications; carries on working to support real sector’s global scale competitive potential despite changing global conjuncture.



SCAN THE QR CODE



## DIDN'T YOU GET BORED OF PAYING COMMISSION FEES WHEN YOU SEND MONEY?

Scan the code and become Vakıf Katılım's customer right now via video call and get rid of paying fees in your Remittance, EFT and FAST transactions\*!

\* It is applicable to the transactions to be performed through our digital channels.



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## ZİRAAT KATILIM GENERAL MANAGER'S ASSESSMENT



**TL 213.3 billion**  
Ziraat Katılım Asset Size



**Ziraat Katılım increased its total assets by 117% and reached a balance sheet size of TL 213.3 billion as of 2022 year-end.**

**Ziraat Katılım sustained its rapid growth in accordance with its vision of being the leading participation finance institution of the industry and completed 2022 with a profit of TL 3.8 billion as a result of its growth performance focused on profitability and efficiency targets.**

Ziraat Katılım meets its customers' needs and expectations through the most appropriate channel by presenting the most appropriate solutions and value propositions and continues its activities with the vision of being an effective participation finance institution not only in its region but also in international markets.

Ziraat Katılım continued its support for the real sector, primarily SMEs, in 2022. As of 2022 year-end, cash funds extended by Ziraat Katılım increased by 119% to reach TL 145.7 billion while non-cash funds increased by 53% to reach TL 45.2 billion and the Bank's total contribution to Turkish economy was realized as TL 191 billion.

As of 2022 year-end, funds collected increased by 122% when compared with prior year to reach TL 173 billion.

### **WE CARE ABOUT PROTECTING OUR ASSET QUALITY**

Ziraat Katılım adopted a growth strategy which prescribes protection and development of asset quality. The Bank's allocation and fund extension processes as well as early warning and risk monitoring infrastructure are being developed accordingly.

Funds allocated in 2022 sustained its rapid growth in line with sustainable growth and customer focus strategies. During this period, when risk management policies are executed uncompromisingly, non-performing loan ratio was realized as 1.3%, quite lower than the industry average. As of the same period, the Bank's capital adequacy ratio was 15.42%.

### **LEASE CERTIFICATE ISSUANCES REACHED TL 53.2 billion**

Ziraat Katılım successfully completed 29 lease certificates at a total amount of TL 16.1 billion in 2022. As part of its strategy to enrich its resource structure, Ziraat Katılım plays an active role in capital markets, Ziraat Katılım, together with its subsidiaries Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., obtained lease certificate issuance ceilings of TL 1 billion, TL 12 billion and TL 15 billion from Capital Market Board (SPK) to issue lease certificates in TL at domestic market. The total of issuances since the establishment of Ziraat Katılım until 2022 at different amounts reached TL 53.2 billion.

### **WE LAUNCHED MY FIRST HOUSE AND HEAT INSULATION FINANCING**

In order to provide our customers the opportunity to own a house at favorable financing terms, My First House Financing and Extended House Financing products were set up. Additionally, "Residential Heat Insulation Financing" product was implemented for individual customers to finance heat insulation and roof insulation spendings in favorable terms to increase efficiency of energy, used to heat their homes, to reduce costs and carbon emissions within the framework of sustainability.

### **INVESTMENT INCENTIVE PROTOCOL WAS SIGNED WITH KOSGEB**

"Vegetables and Fruit Cold Chain Financial Leasing Support Program Protocol" and "KOSGEB Support Programs Financial Leasing Protocol" were signed within the scope of support programs between Small and Medium Enterprises Development Organization (KOSGEB) and Ziraat Katılım to encourage investments for production with the objective of supporting a specific portion of the profit accrued in procurement of domestic goods and new cooling units and/or frigorific cases/units.

### **SME FINANCIAL SUPPORT PROGRAM WITH EMPLOYMENT COMMITMENT WAS IMPLEMENTED**

Within the scope of Strengthening Private Sector to Encourage Social and Economic Harmony in Türkiye-FOSTER project, which is managed by the German Development Bank ("KfW") and financed by EU, "SME Financial Support Program with Employment Commitment"(FOSTER) was implemented that allows businesses which are not banned from KOSGEB supports to obtain financing with favorable terms and which a part of the profit share is paid by KOSGEB. The project includes SMEs which employ people who are officially Turkish Republic citizens and Syrian Under Temporary Protection residing in cities affected from migration or who employ refugees from other countries, operating in specified sectors, registered at SME Data base and in active position, either at the status of real person or a legal entity defined by the Turkish Commercial Code and supported by KOSGEB, has an updated SME Information Declaration.

### **"INVESTMENT SUPPORT PACKAGE" WAS PREPARED**

Protocols between Credit Guarantee Fund (KGF) and our Bank were signed and offered to users within the scope of support packages to reduce the impacts of pandemic conditions on businesses and to support investments. In this context, KGF guaranteed "Investment Support Packages" were prepared to meet financing needs of all SMEs and non-SME businesses which need

guarantee support for their financing needs in favorable conditions for new or continuing investments to increase their production and employment capacities (primarily for companies operating in manufacturing industry or exporting companies).

### **EXPORT AND WORKING CAPITAL SUPPORT PACKAGE WAS PREPARED**

Within the framework of participation banking principles, KGF guaranteed "Export Support Packages" were prepared to meet working capital financing needs of SMEs which are exporters or operating in sectors bringing foreign currency and those who do not currently export but have potentials for exports. These financing needs were met with favorable conditions to support SMEs. For financing of working capital needs of SMEs and non-SME firms, "Working Capital Support Package" was prepared with the guarantee of Credit Guarantee Fund (KGF).

### **IMPORT SUBSTITUTION AGAINST MANUFACTURING SUPPORT PACKAGE WAS PREPARED**

Within the framework of Treasury Supported Guarantee System, "Import Substitution Against Manufacturing Support Package" guaranteed by KGF was put in use for businesses with investment incentive certificates obtained for manufacturing industry investments to finance investments that will increase production and employment capacities by reducing the negative effects of the pandemic on manufacturing industry.

### **TEA PRODUCERS WERE SUPPORTED BY TEA PURCHASE SUPPORT PACKAGE**

"Tea Purchasing Support Package" was implemented and producers were supported to meet working capital needs of firms purchasing fresh tea from tea producers against producer receipts and companies purchasing fresh tea from Agricultural Credit Cooperatives.

### **CONSTRUCTION SERVICES FINANCING SUPPORT PACKAGE WAS PREPARED**

"Construction Services Financing Support Package" was implemented between our bank and KGF to help SMEs and non-SME businesses operating in the construction sector to complete unfinished housing projects and to keep housing supply without interruption in favorable conditions. Financing was provided to companies with houses that are at least 30% complete and companies which have at least 20% unsold houses or houses not yet promised to sell as of the date of application with the purpose of completing the projects.

### **IN 2022, WE ENRICHED OUR HUMAN RESOURCES WITH NEW ADDITIONS**

Ziraat Katılım continued to develop its human resources, its most valuable asset, with new additions in 2022.

Within our ever-growing organization structure, 448 new colleagues joined us based on the need of our branches and Headquarter units. Number of employees reached 1,904 as of 2022 year-end.

During the year, 35 new branches were added to our branch network and total number of branches reached 156.

### **MANY THANKS TO ALL WHO CONTRIBUTED TO OUR SUCCESS IN 2022**

We continue to work with devotion to increase our contribution to real economy with our values and ethical principles which reflect our long-standing corporate culture.

As we carry on our projects devotedly, keeping our loyalty to our mission of expanding participation banking, our ultimate target is to create increasing value to Turkish economy and support sustainable development in multiple ways.

On behalf of Ziraat Katılım management team, I would like to extend my gratitude to all our stakeholders, our employees in particular, who walk with us determinately on our journey to reach higher targets and contributed to our successful performance.

**Metin ÖZDEMİR**  
CEO

## ZIRAAT KATILIM SENIOR MANAGEMENT

<b>Establishment Date</b>	2015
<b>Main Shareholders*</b>	T.C. Ziraat Bankası A.Ş. (99%)
<b>Chairman</b>	Hüseyin AYDIN
<b>General Manager</b>	Metin ÖZDEMİR
<b>Headquarters</b>	Hobyar Eminönü Mah. Hayri Efendi Cad. No: 12 PK: 34112 Fatih/İSTANBUL
<b>Phone</b>	+90 212 404 10 00
<b>Fax</b>	+90 212 404 10 99
<b>Website</b>	www.ziraatkatilim.com.tr
<b>SWIFT Code</b>	ZKBATRIS
<b>EFT Code</b>	0209
<b>Number of Domestic Branches</b>	156
<b>Number of Branches Abroad</b>	1
<b>Number of Employees</b>	1,904

### Metin Özdemir

#### Member of the Board, CEO

Metin Özdemir graduated from İstanbul University (Faculty of Business Administration) in 1990. He started his career at Kuveyt-Türk Finans Kurumu 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 Ziraat Bank's Board of Directors and acted as a member of the Corporate Governance Committee and the Remuneration Committee from April 2012 until 27 May 2019. He served as the Chairman of the Board of the Participation Banks Association of Türkiye from May 2018 until May 2021. Mr. Özdemir has been a member of the Board of Directors of Ziraat Katılım since 18 February 2015 and was appointed as the CEO on 12 June 2017.

### Ertuğrul İspaha

#### Executive Vice President - Corporate Banking

Ertuğrul İspaha was born in Adana in 1968. He graduated from Ankara University Faculty of Political Sciences Department of Labor Economics and Industrial Relations in 1991. He started his career at Egebank in 1995 as an Inspector. Between 2001 and 2006 he was Branch Manager of Adana and Bursa branches of Family Finans Kurumu A.Ş. In 2006, Mr. İspaha joined Ziraat family as Corporate Branch Manager in İzmir. Afterwards he acted as Regional Director of İzmir 1<sup>st</sup> Region, Executive Vice President responsible for Financial Analysis- Intelligence, Credit Monitoring and Follow-up Gaziantep, Adana 2, Adana 1 and Adana Regional Manager, respectively. Since 1 April 2022 he has been the Executive Vice President- Corporate Banking of Ziraat Katılım.

### Osman Karakütük

#### Executive Vice President-Treasury Management and International Banking

Born in Ankara in 1975, Osman Karakütük graduated from Ankara University Faculty of Political Science. He completed his undergraduate studies in Sakarya University and worked at the CBRT Headquarters as a clerk between 1998-1999. 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 1<sup>st</sup> Region Manager, Head of Branch Operations and Head of Channel Management, respectively. Mr. Karakütük was appointed as Ziraat Katılım 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 Management and International Banking since 24 August 2017.

### Mehmet Said Gül

#### Executive Vice President-Information Technologies and Operations

Mehmet Said Gül was born in Kahramanmaraş in 1973. He graduated from Hacettepe University Faculty of Engineering Department of Computer Engineering in 1995. He started his banking career as a programmer at Anadolu Finans Kurumu in 1997. After serving for many years as system analyst and software development service manager, he continued his career as Software Development Manager at Türkiye Finans Participation Bankası A.Ş. in 2006. He worked as the Information Systems Coordination Manager as of 2009. In 2014, Mr. Gül worked at the establishment of Ziraat Katılım and acted as a consultant at Ziraat Bank and Ziraat Katılım's Information Technologies

Department Head. In 2015, he was appointed as the Group Director of the Information Technologies and Operational Transactions at Ziraat Katılım. Since 23 August 2017 Mr. Gül is the Executive Vice President in charge of Information Technologies and Operations.

### Önder Kirman

#### Executive Vice President- Credit Extension and Management

Önder Kirman was born in Afyonkarahisar in 1972. He graduated from Dokuz Eylül University Faculty of Economics and Administrative Sciences Department of Business Administration. Mr. Kirman started his banking career as a Service Attendant at Ziraat Bank in 1999. Between 2001 and 2008, he worked as an Internal Controller. Between 2008 and 2015, Mr. Kirman acted as a Supervisor of Agricultural, SME and Commercial Marketing, Commercial Marketing Department Manager and Regional Credit Extension Manager. He joined Ziraat Katılım in May 2015 as the Chairman of the Operation Center Department, then he was appointed as the Chairman of Corporate and Entrepreneurial Credit Extension and Management Department in April 2016. Since 30 June 2016, he serves as Executive Vice President- Credit Extension and Management.



**Seher Elif Ekici**  
**Executive Vice President - Credit Policies and Risk Liquidation**

Seher Elif Ekici was born in İstanbul in 1981. She graduated from Marmara University Faculty of Business Administration, Department of Business Administration in English. She completed her associate degree at Anadolu University Faculty of Theology and is currently studying for her master's degree on Islamic Economics and Finance at Marmara University. She received her SMMM license in 2009. She started her professional career at KPMG independent audit firm in 2003 and worked as an auditor in 2003-2004. Later, she started her banking career in 2005 at Anadolu Finans Kurumu Financial Control service under Financial Affairs Department. She took a role in the merger of Anadolu Finans and Family Finans. Between 2007 and 2015 she acted as Specialist, Supervisor and Manager at Risk Management Center Department of Türkiye Finans. Ms. Ekici started to work at Ziraat Bank as a Manager on 3 February 2015. She was a part of the establishment of Ziraat Katılım and was appointed as Head of Risk Management Division on 23 June 2015. She was appointed as the Head of Credit Policies and Risk Liquidation Group on 2 July 2021. She has been working as Executive Vice President for Credit Policies and Risk Liquidation since 1 April 2022.

**Suat Tüccar**  
**Head of Product Management and Digital Banking Group**

Suat Tüccar was born in İstanbul in 1974. He graduated from Gazi University Faculty of Economics and Administrative Sciences Department of Public Administration. In 2000, he started his career at Dışbank Commercial Marketing upon completing the MT program. He worked as a portfolio manager at the same bank in Mercan, Bayrampasa and European Corporate branches, respectively. Upon the merger of Fortis and Türk Ekonomi Bankası, he worked as Branch Manager of Bayrampasa Mega Center and Güneşli branches. Mr. Tüccar started his career at Ziraat Katılım on 2 May 2016 as a Service Manager at Corporate and Entrepreneurial Marketing Department and continued as the Head of Human Resources Department on 23 March 2017. He was appointed as Head of Strategy Planning and Human Resources Group on 10 February 2021. He has been serving as the Head of Product Management and Digital Banking Group since May 2022.

**Mustafa Kürşat Çetin**  
**Head of Retail Banking Group**

Mustafa Kürşat Çetin was born in Yozgat in 1979. He graduated from Selçuk University Faculty of Economics and Administrative Sciences Department of Economics. He received his graduate degree in Banking from İstanbul University Faculty of Social Sciences. He started his career in 2003 at Türkiye Finans Headquarters Leasing Service and from 2005 on, he worked in different positions in Corporate Marketing at İstanbul Osmanbey, Beylikdüzü and İkitelli branches. Between 2012 and 2015 he worked as Türkiye Finans Nişantaşı Branch Manager. In 2015, with the inception of Ziraat Katılım he started working at İkitelli Branch as a manager. Between 2016-2019, he worked as the Head of Entrepreneurial Marketing Department, the Head of Corporate and Entrepreneurial Marketing Department, as the Head of Branch Banking and Sales Management Department. He was appointed as the Marketing Group Director as of February 2021. He has been serving as the Head of Retail Banking Group since 13 January 2022.

**Arif Baştuğ**  
**Head of Strategic Planning and Human Resources Group**

Arif Baştuğ was born in Aksaray in 1979. He graduated from Ankara University Faculty of Law. He started his banking career at Ziraat Bankası A.Ş. as a Service Clerk. He acted as Assistant Inspector, Inspector and Senior Inspector at the Board of Inspectors at Ziraat Bankası. In 2011, he was Department Manager at Ziraat Bankası Human Resources Department and afterwards he acted as Head of Department at Training Department. In 2015, at the establishment of Ziraat Katılım, he worked as the Head of Department of Human Resources and Organization. Between 2016 and 2022, Mr. Baştuğ acted as the Head of Operation Center Department. AS of 9 May 2022, he was appointed as Ziraat Katılım Head of Strategic Planning and Human Resources Group and continues to work at this position.

**Osman Çetiner**  
**Head of Internal Systems Group**

Osman Çetiner was born in Antalya in 1973. He graduated from Uludağ University Faculty of Economics. In 2005, he received his SMMM license and in 2014 he received the Independent Auditor license given by Public Oversight Board. He started his banking career in 1999 as Assistant Accounting Specialist in the Financial Affairs Department of Kuveyt Türk A.Ş. He worked at different positions in Kuveyt Türk Bankası for 16 years, 7 of them as a Manager. In 2010, he took role in Türkiye's first lease certificate issuance by Kuveyt Türk Bankası. Mr. Çetiner worked at the establishment of Ziraat Katılım. He started working as Head of Financial Coordination at Ziraat Katılım on 8 April 2015 and worked as the Head of Internal Control and Compliance between 2017 and 2022. As of 9 May 2022, he was appointed as Ziraat Katılım Head of Internal Systems Group and continues to work at this position.

## ZİRAAT KATILIM INNOVATIVE PRODUCTS AND SERVICES

### WE OFFERED "INSTANT FINANCING" PRODUCT TO OUR CUSTOMERS

With "Instant financing" product implemented in 2022, an opportunity was provided for our customers to finance their purchases from stores which have agreements with our Bank at any time of the day without going to the branch, through digital channels, easily and rapidly.

Our customers can complete their financing process by using the QR code of the shopping basket at the contracted store and applying for financing through our Bank's mobile application in accordance with interest-free banking principles and standards by approving all necessary documents via digital channels.

### WE EXTENDED OUR INSURANCE PRODUCT RANGE

Personal Accident Insurance, which guarantees bodily injury and death cases individuals may face as a result of sudden and unexpected events and offers additional beneficial services free of charge; Critical Illnesses Insurance, which contributes to payment of treatment expenses in cases of heart attack, cancer, stroke, blindness, kidney failure by paying the claim stated on the policy; Cyber Security Business Insurance, which includes cyber protection and does not make insufficient claim, were offered to our customers by taking their places in our Bank's insurance product range.



### WE OFFERED FİNDEKS SERVICE PLATFORM TO OUR CUSTOMERS

Our product "Findeks" was implemented in 2022 which provides opportunity for real sector to know each other in financial terms, to increase their skills to take and manage risks, to support them to protect their capital and reputations, to help them gain competitive power by increasing their sales safely and to help individuals manage their risks properly and take their financial lives under control.

### AUTOMATIC PAYMENT IN FOREIGN CURRENCY TRANSFER TRANSACTIONS

System developments were completed which allows for payment of foreign currency incoming transfers to be deposited directly to the customer accounts. With this development, automatic payment of transactions which are paid manually to customer accounts due to IBAN-Name incompliance were made possible using smart machine learning which is used by the bank for the first time. Automatic credit recording of incoming transfers and their regulation controls started to be done automatically by the system.

### WE OPENED 14 COMMERCIAL BRANCHES IN 9 CITIES

In 2022, commercial segment was formed within the scope of customer and branch segmentation activities with a customer-oriented approach with the purpose of providing services to customers through proper channels. The Commercial Banking Department Directorate started its operations and in line with this, 14 commercial branches were opened in 9 cities.

### WE ACHIEVED MANY FIRSTS IN PRIVATE BANKING

With the efforts of our Private Banking department, we became the first and only bank to obtain potential tax identification number for foreign customers without coming to Türkiye which in the normal course can be obtained from the interactive tax office after coming to Türkiye. With this completed project, real person customers who reside in foreign countries are provided the opportunity to deposit their foreign currency savings in USD, EUR, GBP and CHF and to complete their transactions rapidly as Private Banking customers.

For the Concierge and Assistance services that will be provided to Private Banking customers in addition to financial services, agreements with related companies were signed. Advisory services started to be offered to customers such as Legal and Financial Consultancy, Real Estate and Property Investments, Education Abroad, Private Jet Leasing, Internal Architecture, Design and Decoration, Dental Health and Aesthetics.

TAV Passport Cards and IGA Pass Extra Cards were given as gifts to all private banking customers with Ziraat Katılım privileges. With those cards, numerous privileges were provided to customers at contracted airports, such as free parking, privileged flight transactions, free lounge access and discounted shopping at numerous points.

### SIGNIFICANT INNOVATIONS IN DIGITAL BANKING

Customers have the opportunity to give approval to many transactions and documents with "Digital Document Approval" option such as account opening, credit card, individual financing and insurance documents through Participation Mobile application. Similarly, after customers' application to TKBB on behalf of Ziraat Katılım, the whole process between TKBB and the Bank can be digitally monitored and governed end-to-end.

Studies related to cash withdrawal and deposit at all TAM (Türkiye's ATM Center) ATMs by scanning QR Code from Participation Mobile application, cash withdrawal from ATMs of other banks and payments at POS devices were completed and offered to customers' use.

**FİNANSAL KİRALAMA  
ÇÖZÜMLERİMİZLE  
İŞLETMENİZİN YANINDAYIZ**

Ziraat Katılım  
Private Banking

QR code and social media icons (Facebook, Instagram, Twitter, YouTube) are visible at the bottom left.

**Ziraat Katılım  
Private Banking**

**You are special for us!  
And our banking perspective is  
specific to you!**

Thanks to its Private Banking, advanced technology and digital banking applications, Ziraat Katılım offers its customers a privileged world.

Ziraat Katılım invites you to a very special world to easily and swiftly benefit from the products and services developed by an expert staff, established infrastructure and a banking perspective that has shared values with you.

**Private Banking  
WhatsApp Line  
+90 530 917 41 14**

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## ZİRAAT KATILIM AND SUSTAINABILITY

### PARTICIPATION BANKING IN TERMS OF RESILIENCE AND INCLUSIVENESS

Participation Banking is an approach which respects people's values, beliefs and cultural differences and where services are presented fairly in terms of financial services. Thus, inclusiveness is an essential principle of Participation Banking.

With the inclusion of Public Participation Banks, the diversity of customers meeting Participation Banking increased for the first time. This situation provides enrichment of information which will support making sense of customer expectations and customer behavior.

Banks which carry their services to a wide area of coverage gets advantageous positions in exploring for resilience and planning by establishing a cause and effect relationship.

Participation Banking has an effective risk management mechanism with diversified products at asset and liability sides, strong position in its customers' commercial cycles and inclusive customer portfolio.

As a consequence, our sector increases its capacity every day to protect itself in an unsteady financial environment, to overcome challenges threatening its development in the past and in the future and to adapt to changes.

Participation banking will continue to develop its resilience with its principles, extensive inclusiveness, collaboration, adaptation competences, vision and willpower support.

# GROW WITH SHARE ACCOUNT



**ELI  
BOL**  
*Hesap*



You can get detailed information from our branches about Eli Bol Account, which combines lease certificates and participation accounts in a single account.

**Ziraat Katılım**  
Growth through sharing

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

[Twitter](#) [Facebook](#) [Instagram](#) [YouTube](#) /ziraatkatilim





**WHENEVER YOU NEED**

**ANINDA**

**FiNANSMAN**



## KEY FINANCIAL DATA AND GRAPHICS







## KEY FINANCIAL DATA AND GRAPHICS

Sector Comparison Report		Participation Banks				Deposit Banks				Development and Investment Banks				Banking sector		
NO	ITEMS	December 2021	December 2022	Change (%)	Sector Share (%)	December 2021	December 2022	Change (%)	Sector Share (%)	December 2021	December 2022	Change (%)	Sector Share (%)	December 2021	December 2022	Change (%)
1	TOTAL ASSETS	717,338	1,187,613	66	8	7,882,807	12,337,664	57	86	615,312	819,125	33	6	9,215,458	14,344,402	56
1.1	TL ASSETS	265,892	611,067	130	7	4,063,771	7,363,058	81	88	158,755	364,750	130	4	4,488,417	8,338,875	86
1.2	FC ASSETS	451,447	576,545	28	10	3,819,037	4,974,606	30	83	456,558	454,375	0	8	4,727,041	6,005,526	27
2	TOTAL FUNDS COLLECTED*	556,418	891,066	60	10	4,746,930	7,970,792	68	90	0	0	0	0	5,303,348	8,861,858	67
2.1	TOTAL PRIVATE CURRENT ACCOUNT	260,588	372,959	43	12	1,790,313	2,768,518	55	88	0	0	0	0	2,050,900	3,141,477	53
2.1.1	TL - PRIVATE CURRENT ACCOUNT	52,911	99,945	89	10	424,685	925,726	118	90	0	0	0	0	477,596	1,025,671	115
2.1.2	FC -PRIVATE CURRENT ACCOUNT	146,316	198,704	36	12	1,081,418	1,461,451	35	88	0	0	0	0	1,227,734	1,660,155	35
2.1.3	PRECIOUS METALS - PRIVATE CURRENT ACCOUNT	61,360	74,310	21	16	284,210	381,342	34	84	0	0	0	0	345,570	455,652	32
2.2	TOTAL PARTICIPATION ACCOUNT	295,831	518,107	75	9	2,956,043	5,201,556	76	91	0	0	0	0	3,251,874	5,719,664	76
2.2.1	TL - PARTICIPATION ACCOUNT	95,956	354,907	270	9	1,306,279	3,397,640	160	91	0	0	0	0	1,402,235	3,752,547	168
2.2.2	FC - PARTICIPATION ACCOUNT	171,978	139,096	-19	7	1,606,146	1,747,435	9	93	0	0	0	0	1,778,124	1,886,531	6
2.2.3	PRECIOUS METALS - PARTICIPATION ACCOUNT	27,897	24,104	-14	30	43,619	56,482	29	70	0	0	0	0	71,515	80,586	13
2.3	TL -TOTAL FUNDS COLLECTED	148,867	454,852	206	10	1,730,964	4,323,365	150	90	0	0	0	0	1,879,831	4,778,217	154
2.4	FC -TOTAL FUNDS COLLECTED	318,294	337,800	6	10	2,687,564	3,208,886	19	90	0	0	0	0	3,005,858	3,546,686	18
2.5	PRECIOUS METALS - TOTAL FUNDS COLLECTED	89,257	98,414	10	18	327,829	437,823	34	82	0	0	0	0	417,086	536,237	29
3	TOTAL FUNDS ALLOCATED**	369,353	643,814	74	8	4,256,923	6,672,619	57	85	418,209	492,447	18	6	5,044,485	7,808,880	55
3.1	TOTAL INDIVIDUAL FUNDS ALLOCATED	35,714	52,073	46	3	944,698	1,477,518	56	96	6,311	7,457	18	0	986,722	1,537,048	56
3.1.1	TL INDIVIDUAL FUNDS ALLOCATED	35,652	51,995	46	3	944,285	1,476,219	56	96	6,311	7,457	18	0	986,248	1,535,671	56
3.1.2	FC INDIVIDUAL FUNDS ALLOCATED	62	78	25	6	412	1,299	215	94	0	0	0	0	475	1,377	190
3.2	TOTAL CORPORATE/ COMMERCIAL FUNDS ALLOCATED	234,516	365,842	56	9	2,378,013	3,456,146	45	81	371,021	421,294	14	10	2,983,550	4,243,282	42
3.2.1	TL CORPORATE/ COMMERCIAL FUNDS ALLOCATED	92,230	193,986	110	10	950,787	1,658,409	74	83	43,504	134,878	210	7	1,086,520	1,987,273	83
3.2.2	FC CORPORATE/ COMMERCIAL FUNDS ALLOCATED	142,286	171,856	21	8	1,427,226	1,797,737	26	80	327,517	286,416	-13	13	1,897,029	2,256,009	19
3.3	TOTAL FUNDS ALLOCATED TO SMEs	99,123	225,899	128	11	934,212	1,738,955	86	86	40,878	63,696	56	3	1,074,213	2,028,550	89
3.3.1	TL FUNDS ALLOCATED TO SMEs	63,472	172,723	172	10	787,533	1,551,153	97	89	5,501	24,426	344	1	856,506	1,748,303	104
3.3.2	FC FUNDS ALLOCATED TO SMEs	35,651	53,176	49	19	146,679	187,802	28	67	35,376	39,270	11	14	217,707	280,248	29
3.4	TL FUNDS ALLOCATED	191,354	418,703	119	8	2,682,605	4,685,781	75	89	55,316	166,762	201	3	2,929,275	5,271,246	80
3.5	FC FUNDS ALLOCATED	178,000	225,111	26	9	1,574,318	1,986,838	26	78	362,893	325,685	-10	13	2,115,211	2,537,634	20

Sector Comparison Report		Participation Banks				Deposit Banks				Development and Investment Banks				Banking sector		
NO	ITEMS	December 2021	December 2022	Change (%)	Sector Share (%)	December 2021	December 2022	Change (%)	Sector Share (%)	December 2021	December 2022	Change (%)	Sector Share (%)	December 2021	December 2022	Change (%)
4	TOTAL NON-PERFORMING LOANS	11,225	9,114	-19	6	144,622	149,852	4	92	4,257	4,443	4	3	160,104	163,410	2
4.1	TL NON-PERFORMING LOANS	8,747	7,866	-10	5	133,111	144,812	9	92	2,160	4,407	104	3	144,018	157,084	9
4.2	FC NON-PERFORMING LOANS	2,478	1,249	-50	20	11,511	5,040	-56	80	2,098	37	-98	1	16,086	6,326	-61
5	TOTAL FINANCIAL LEASING RECEIVABLES	24,861	48,040	93	97	0	0	0	0	1,059	1,279	21	3	25,920	49,319	90
5.1	TL FINANCIAL LEASING RECEIVABLES	8,854	25,046	183	97	0	0	0	0	451	657	46	3	9,306	25,703	176
5.2	FC FINANCIAL LEASING RECEIVABLES	16,006	22,995	44	97	0	0	0	0	608	621	2	3	16,614	23,616	42
6	TOTAL SHAREHOLDERS' EQUITY	36,310	84,334	132	6	613,560	1,227,326	100	87	64,085	95,415	49	7	713,955	1,407,074	97
6.1	TL - SHAREHOLDERS' EQUITY	36,435	84,798	133	6	630,610	1,252,384	99	87	64,436	95,955	49	7	731,482	1,433,137	96
6.2	FC - SHAREHOLDERS' EQUITY	-124	-464	-273	2	-17,051	-25,059	47	96	-351	-540	54	2	-17,526	-26,062	-49
7	TOTAL NET PROFIT***	5,468	29,686	443	7	77,608	381,896	392	88	9,866	21,874	122	5	92,942	433,457	366
8	Non-Performing Loans (Gross)/Loans / Total Cash Loans (%)	3,0	1,4			3,4	2,2			1,0			0	3,1	2,1	
9	Net Period Profit (Loss) / Average Total Assets (%)	1,0	3,0			1,3	3,8			2,1			0	1,3	3,7	
10	Net Period Profit (Loss) / Average Shareholders' Equity (%)	18,3	61,1			15,0	50,8			18,6			0	15,5	49,9	
11	Fee, Commission and Banking Services Revenues / Total Revenues (%)	7,8	6,6			9,9	9,4			8,8			0	9,7	9,2	
12	Fees, Commissions and Banking Services Income / Operating Expenses (%)	52,0	58,0			83,3	86,6			93,5			0	81,4	85,1	
13	Total Cash Loans / Total Deposits (Excluding Development and Investment Banks) (%)	66,9	71,4			90,5	83,7			0,0			0	88,0	82,4	
15	Current Deposit / Total Deposit (%)	46,8	41,9			37,7	34,7			0,0			0	38,7	35,5	
16	Total Number of Branches	1,311	1,379	5	12	9,722	9,587	-1	87	65	68	5	1	11,098	11,034	-1
16.1	Number of Domestic Branches	1,307	1,375	5	13	9,651	9,515	-1	87	65	68	5	1	11,023	10,958	-1
16.2	Number of Branches Abroad	4	4	0	5	71	72	1	95	0	0	0	0	75	76	1
17	Total Number of Personnel	17,147	17,868	4	9	179,422	182,653	2	89	5,567	5,699	2	3	202,136	206,220	2
17.1	Number of Domestic Personnel	17,107	17,827	4	9	178,675	181,863	2	89	5,567	5,699	2	3	201,349	205,389	2
17.2	Number Personnel Abroad	40	41	3	5	747	790	6	95	0	0	0	0	787	831	6
18	Number of ATMs	2,344	2,360	1	5	46,554	46,873	1	95	0	0	0	0	48,898	49,233	1

Source: BRSA

\* Excluding funds collected from banks and rediscounts.

\*\* Excluding non-performing loans. Rediscounts, financial lease receivables are included, loans extended to banks are excluded.

\*\*\* The net profit figure has been compared with the same month of the previous year.



## KEY FINANCIAL DATA AND GRAPHICS

### PARTICIPATION BANKS: ASSET STRUCTURE AND CHANGES IN SELECTED ITEMS (TL MILLION, %)

	Participation Banking Sector			Banking Sector		
	2022	2021	2020	2022	2021	2020
Liquid Assets*	143,886	104,208	50,370	1,661,269	1,229,467	575,585
Statutory Reserves	124,678	97,503	46,801	946,023	702,382	321,244
Funds Allocated	595,774	344,492	228,665	7,759,561	5,018,565	3,663,001
Financial Lease Receivables	48,040	24,861	11,482	49,319	25,920	11,876
Non-performing Loan-s (Gross)	9,114	11,225	8,713	163,410	160,104	152,560
Securities	210,217	123,806	77,552	2,371,395	1,476,598	1,022,643
Other Assets	55,906	11,243	13,563	1,396,413	602,428	359,534
Total Assets	1,187,615	717,338	437,146	14,347,390	9,215,463	6,106,442

### PARTICIPATION BANKS: LIABILITIES STRUCTURE AND CHANGES IN SELECTED ITEMS (TL MILLION, %)

	Participation Banking Sector			Banking Sector		
	2022	2021	2020	2022	2021	2020
Participation Fund	891,066	556,418	321,405	8,861,858	5,303,348	3,455,314
Payables to Banks	36,611	27,366	22,277	1,431,899	1,048,479	657,630
Repo Transactions	36,068	25,899	6,958	540,180	586,649	255,122
Shareholders' Equity	84,225	36,310	27,607	1,405,729	713,946	599,590
Other Liabilities	139,645	71,345	58,899	2,107,723	1,563,041	1,138,785
Total Liabilities	1,187,615	717,338	437,146	14,347,390	9,215,463	6,106,442

Source: BRSA

**PARTICIPATION BANKS: INCOME/LOSS STRUCTURE AND CHANGES IN SELECTED ITEMS (TL MILLION, %)**

INCOME/LOSS	Participation Banking Sector			Banking Sector		
	2022	2021	2020	2022	2021	2020
Profit Share Income	64,811	25,996	17,394	807,504	443,032	308,099
Profit Share Expense	49,842	22,209	11,116	638,925	375,974	208,676
Net Profit Share Income/Loss	54,517	14,866	13,606	764,278	265,518	214,796
Income other than Profit Share	15,471	8,134	5,374	312,816	160,044	102,538
Net Fees and Commissions Income	3,821	1,829	1,477	38,142	19,942	16,036
Banking Services Income	5,091	2,116	1,383	136,453	66,835	42,635
Other Income other than Profit Share	6,560	4,189	2,514	138,221	73,267	43,867
Expenses other than Profit Share	37,847	15,486	11,865	501,804	238,777	181,166
Personnel	7,350	4,009	3,210	85,687	46,781	39,332
Fees and Commissions Expenses	3,271	1,248	1,024	46,228	23,099	13,659
Other Expenses other than Profit Share	27,226	10,229	7,631	369,889	168,898	128,175
Income/Expenses other than Profit Share	14,218	4,131	1,721	74,374	-21,073	-18,755
P/L From Capital Market Transactions	10,226	3,940	-2,712	10,639	38,394	-22,487
Profit/Loss from FX Transactions	3,992	191	4,433	63,733	-59,467	3,730
Others	0	0	1	1	0	2
Profit/Loss Before Tax	40,559	7,422	4,788	572,663	118,485	75,853
Tax Provisions	10,860	1,954	1,072	141,049	25,543	17,350
Net Profit/Loss	29,699	5,468	3,717	431,614	92,942	58,503

Source: BRSA

## KEY FINANCIAL DATA AND GRAPHICS

### PARTICIPATION BANKS SUMMARY BALANCE SHEET (TL THOUSAND)\*

		CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2022		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	133,914,797	313,390,300	447,305,097
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	449,168,635	261,555,327	710,723,962
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	756,549	0	756,549
IV.	EQUITY INVESTMENTS	2,488,425	64,221	2,552,646
V.	TANGIBLE ASSETS (NET)	10,201,107	29,471	10,230,578
VI.	INTANGIBLE ASSETS (NET)	1,275,984	38	1,276,022
VII.	INVESTMENT PROPERTIES (NET)	0	0	0
VIII.	CURRENT TAX ASSETS	0	0	0
IX.	DEFERRED TAX ASSETS	3,364,873	0	3,364,873
X.	OTHER ASSETS	7,609,813	1,570,073	9,179,886
<b>TOTAL ASSETS</b>		<b>608,780,183</b>	<b>576,609,430</b>	<b>1,185,389,613</b>

		PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2021		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	59,918,197	245,184,777	305,102,974
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	189,872,505	203,525,595	393,398,100
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	776,523	104	776,627
IV.	EQUITY INVESTMENTS	1,513,989	18,311	1,532,300
V.	TANGIBLE ASSETS (NET)	5,225,532	27,279	5,252,811
VI.	INTANGIBLE ASSETS (NET)	773,050	14	773,064
VII.	INVESTMENT PROPERTIES (NET)	0	0	0
VIII.	CURRENT TAX ASSETS	2,483	0	2,483
IX.	DEFERRED TAX ASSETS	2,913,307	0	2,913,307
X.	OTHER ASSETS	4,035,712	2,708,846	6,744,558
<b>TOTAL ASSETS</b>		<b>265,031,298</b>	<b>451,464,926</b>	<b>716,496,224</b>



<b>CURRENT PERIOD</b>			
<b>1 JANUARY - 31 DECEMBER 2022</b>			
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>
I. FUNDS COLLECTED	467,215,530	440,808,367	908,023,897
II. FUNDS BORROWED	31,557,929	55,807,236	87,365,165
III. MONEY MARKETS DEBTS	9,459,827	15,316,677	24,776,504
IV. SECURITIES ISSUED (NET)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	79,621	848,378	927,999
VII. FINANCE LEASE PAYABLES (NET)	2,328,603	37,401	2,366,004
VIII. PROVISIONS	12,308,935	2,882,401	15,191,336
IX. CURRENT TAX LIABILITY	7,864,515	32,541	7,897,056
X. DEFERRED TAX LIABILITY	92,119	0	92,119
LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0
XII. SUBORDINATED DEBT INSTRUMENTS	1,341,748	29,372,987	30,714,735
XIII. OTHER LIABILITIES	14,691,278	9,118,598	23,809,876
XIV. SHAREHOLDERS' EQUITY	84,688,907	-463,985	84,224,922
<b>TOTAL LIABILITIES</b>	<b>631,629,012</b>	<b>553,760,601</b>	<b>1,185,389,613</b>

<b>PRIOR PERIOD</b>			
<b>1 JANUARY - 31 DECEMBER 2021</b>			
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>
I. FUNDS COLLECTED	155,004,047	411,168,225	566,172,272
II. FUNDS BORROWED	27,722,567	17,700,574	45,423,141
III. MONEY MARKETS DEBTS	23,470,201	0	23,470,201
IV. SECURITIES ISSUED (NET)	0	0	0
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0
VI. DERIVATIVE FINANCIAL LIABILITIES	1,060,150	407,605	1,467,755
VII. FINANCE LEASE PAYABLES (NET)	1,614,679	32,660	1,647,339
VIII. PROVISIONS	2,618,902	1,740,008	4,358,910
IX. CURRENT TAX LIABILITY	2,421,203	19,825	2,441,028
X. DEFERRED TAX LIABILITY	0	0	0
LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0
XII. SUBORDINATED DEBT INSTRUMENTS	1,341,500	19,795,658	21,137,158
XIII. OTHER LIABILITIES	8,210,144	5,857,899	14,068,043
XIV. SHAREHOLDERS' EQUITY	36,434,774	-124,397	36,310,377
<b>TOTAL LIABILITIES</b>	<b>259,898,167</b>	<b>456,598,057</b>	<b>716,496,224</b>

\*There may be differences between the independently audited financial statements of the member banks of Participation Banks Association of Türkiye and the financial statements shared by the BRSA.

## KEY FINANCIAL DATA AND GRAPHICS

### PARTICIPATION BANKS SUMMARY STATEMENT OF OFF-BALANCE SHEET (TL THOUSAND)\*

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2022		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	232,365,616	298,373,887	530,739,503
I. GUARANTEES AND WARRANTIES	91,124,550	73,642,505	164,767,055
II. COMMITMENTS	106,927,891	21,520,481	128,448,372
III. DERIVATIVE FINANCIAL INSTRUMENTS	34,313,175	203,210,901	237,524,076
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	3,499,110,509	1,501,659,351	5,000,769,860
IV. ITEMS HELD IN CUSTODY	127,468,424	706,026,255	833,494,679
V. PLEDGES RECEIVED	3,371,630,446	795,082,999	4,166,713,445
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	550,097	561,736
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>3,731,476,125</b>	<b>1,800,033,238</b>	<b>5,531,509,363</b>

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	PRIOR PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	136,104,622	288,756,380	424,861,002
I. GUARANTEES AND WARRANTIES	43,699,422	65,096,530	108,795,952
II. COMMITMENTS	74,552,862	13,546,170	88,099,032
III. DERIVATIVE FINANCIAL INSTRUMENTS	17,852,338	210,113,680	227,966,018
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	1,913,700,876	646,079,465	2,559,780,341
IV. ITEMS HELD IN CUSTODY	70,491,194	86,301,084	156,792,278
V. PLEDGES RECEIVED	1,843,198,043	559,432,092	2,402,630,135
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	346,289	357,928
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>2,049,805,498</b>	<b>934,835,845</b>	<b>2,984,641,343</b>

\*There may be differences between the independently audited financial statements of the member banks of Participation Banks Association of Türkiye and the financial statements shared by the BRSA.

**PARTICIPATION BANKS SUMMARY STATEMENT OF PROFIT OR LOSS (TL THOUSAND)\***

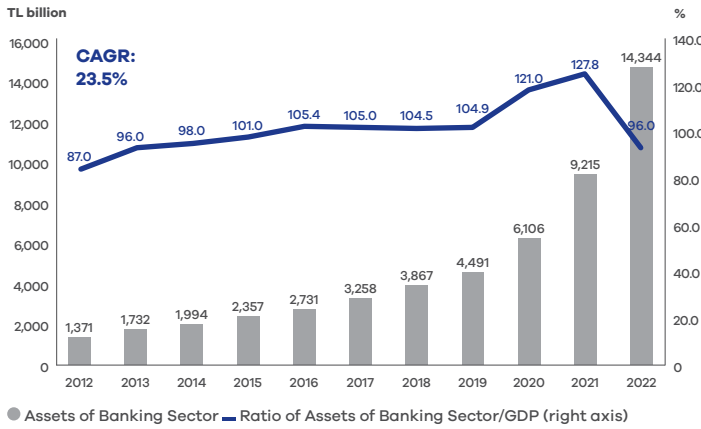
		<b>CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2022</b>
I.	PROFIT SHARE INCOME	106,989,932
II.	PROFIT SHARE EXPENSE (-)	49,838,467
III.	NET PROFIT SHARE INCOME (I - II)	57,151,465
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	2,850,459
V.	DIVIDEND INCOME	5,113
VI.	TRADING INCOME/(LOSS) (NET)	14,220,625
VII.	OTHER OPERATING INCOME	6,203,316
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	80,430,978
IX.	EXPECTED LOSS PROVISIONS (-)	16,478,496
X.	OTHER PROVISIONAL EXPENSES (-)	7,516,546
XI.	PERSONNEL EXPENSES (-)	8,046,410
XII.	OTHER OPERATIONAL EXPENSES (-)	7,929,757
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	40,459,769
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	40,459,769
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	-538,060
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	29,699,069
XX.	INCOME FROM DISCONTINUED OPERATIONS	0
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	0
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>29,699,069</b>
		<b>PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2021</b>
I.	PROFIT SHARE INCOME	38,195,669
II.	PROFIT SHARE EXPENSE (-)	20,414,313
III.	NET PROFIT SHARE INCOME (I - II)	15,986,336
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	1,132,606
V.	DIVIDEND INCOME	6,829
VI.	TRADING INCOME/(LOSS) (NET)	4,129,391
VII.	OTHER OPERATING INCOME	4,019,518
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	25,680,030
IX.	EXPECTED LOSS PROVISIONS (-)	6,799,380
X.	OTHER PROVISIONAL EXPENSES (-)	511,574
XI.	PERSONNEL EXPENSES (-)	2,679,873
XII.	OTHER OPERATIONAL EXPENSES (-)	2,363,033
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	7,421,750
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	7,421,750
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	-480,833
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	5,468,341
XX.	INCOME FROM DISCONTINUED OPERATIONS	0
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	0
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>5,468,341</b>

\*There may be differences between the independently audited financial statements of the member banks of Participation Banks Association of Türkiye and the financial statements shared by the BRSA.



## KEY FINANCIAL DATA AND GRAPHICS

### TURKISH BANKING SECTOR VOLUME AND RATIO TO GDP

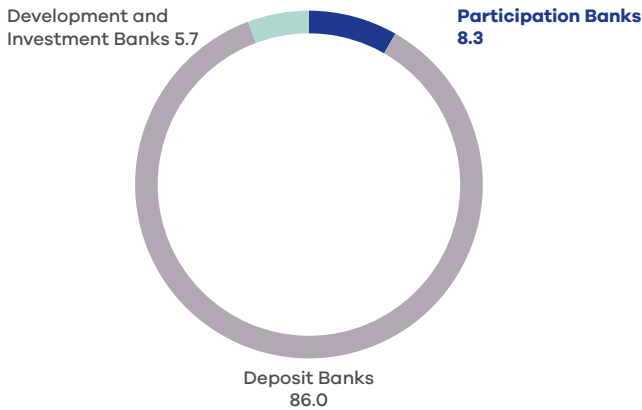


**65.6%**

### SUSTAINABLE ASSET GROWTH

The participation banking sector successfully continued its journey on the path of sustainable growth in 2021.

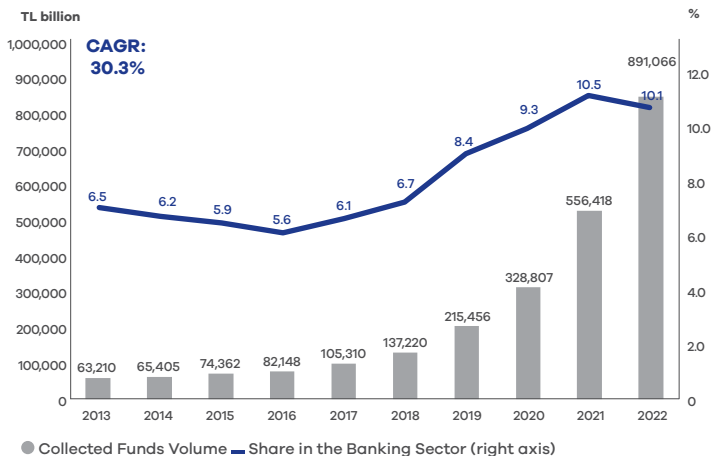
### SHARES IN ASSET IN TURKISH BANKING SECTOR (%)



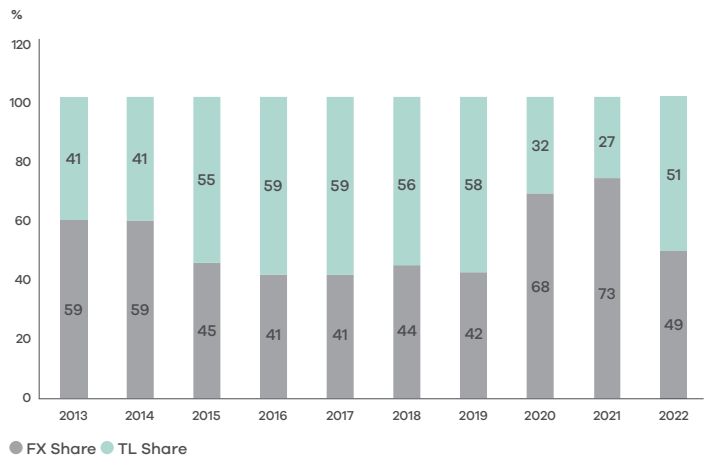
### DEVELOPMENT OF ASSETS OF PARTICIPATION BANKS AND SHARES IN THE SECTOR



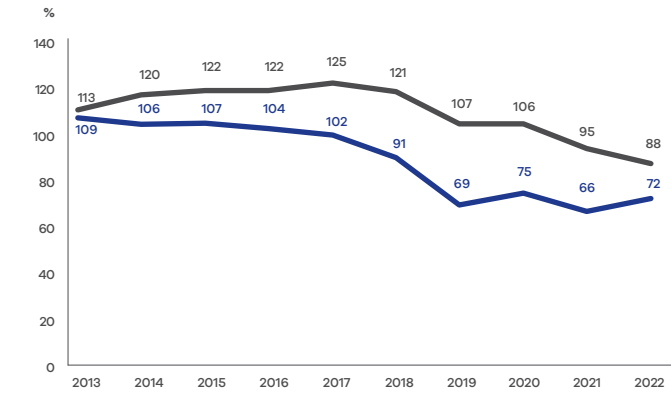
### DEVELOPMENT OF FUNDS COLLECTED OF PARTICIPATION BANKS



### TL/FC CONCENTRATION OF FUNDS COLLECTED OF PARTICIPATION BANKS



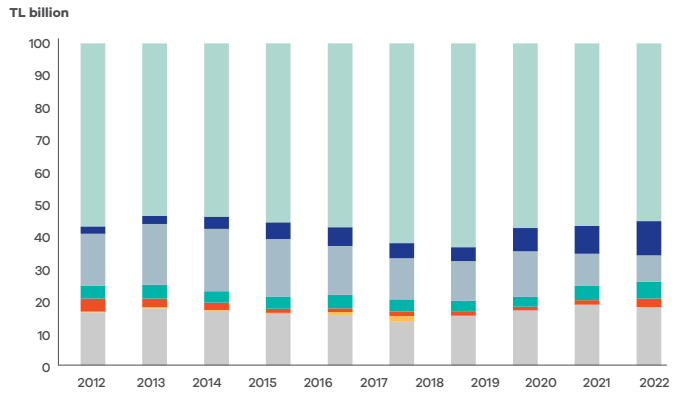
### RATIO OF FUNDS ALLOCATED TO FUNDS COLLECTED\*



■ Participation Banks ■ Banking Sector

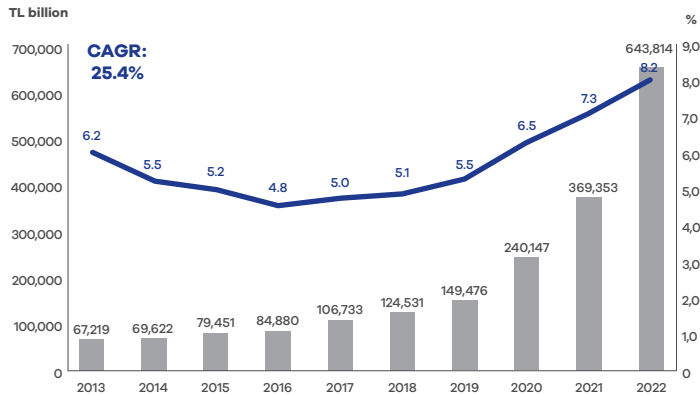
\* Loan Interest (Profit Share) and Income Accrual Rediscounts and Financial Lease Receivables are included in Funds Allocated.

### CONCENTRATION OF FUNDS ALLOCATED BY TYPES



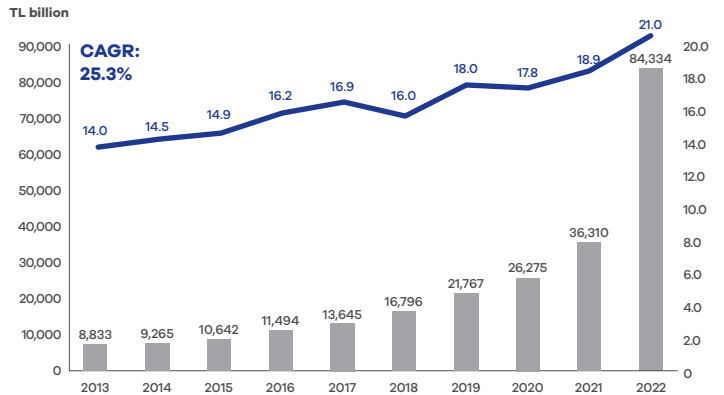
■ Enterprise Loans ■ Export Loans ■ Consumer Loans ■ Import Loans  
■ Credit Cards ■ Profit-Loss Partnership ■ Other

### DEVELOPMENT OF FUNDS ALLOCATED OF PARTICIPATION BANKS



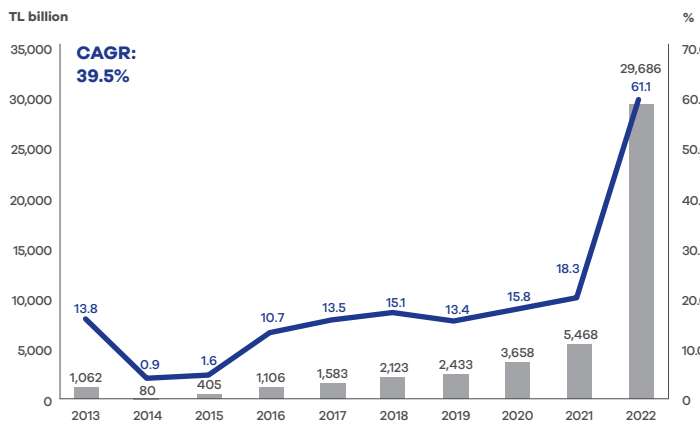
● Allocated Funds Volume ■ Share in the Banking Sector (right axis)

### EQUITY DEVELOPMENT OF PARTICIPATION BANKS



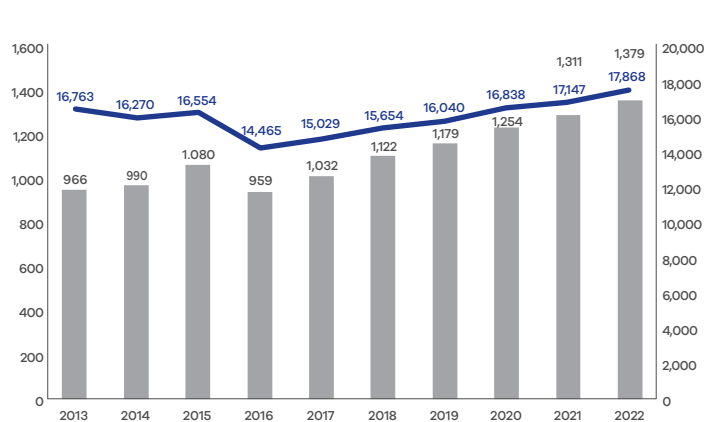
● Equities ■ Capital Adequacy Ratio (right axis)

### 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 FINANCIAL STATEMENTS

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

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2022		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	12,561,907	37,196,320	49,758,227
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	49,455,730	42,620,222	92,075,952
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	341,132	0	341,132
IV.	EQUITY INVESTMENTS	25,100	64,221	89,321
V.	TANGIBLE ASSETS (NET)	2,705,460	27,231	2,732,691
VI.	INTANGIBLE ASSETS (NET)	166,752	0	166,752
VII.	INVESTMENT PROPERTIES (NET)	0	0	0
VIII.	CURRENT TAX ASSETS	0	0	0
IX.	DEFERRED TAX ASSETS	453,731	0	453,731
X.	OTHER ASSETS	609,957	112,343	722,300
	<b>TOTAL ASSETS</b>	<b>66,319,769</b>	<b>80,020,337</b>	<b>146,340,106</b>

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	5,231,761	35,729,094	40,960,855
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	24,807,293	40,232,465	65,039,758
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	118,874	104	118,978
IV.	EQUITY INVESTMENTS	25,100	18,311	43,411
V.	TANGIBLE ASSETS (NET)	1,484,134	24,834	1,508,968
VI.	INTANGIBLE ASSETS (NET)	83,000	-	83,000
VII.	INVESTMENT PROPERTIES (NET)	-	-	-
VIII.	CURRENT TAX ASSETS	2,483	-	2,483
IX.	DEFERRED TAX ASSETS	489,049	-	489,049
X.	OTHER ASSETS	568,849	139,772	708,621
	<b>TOTAL ASSETS</b>	<b>32,810,543</b>	<b>76,144,580</b>	<b>108,955,123</b>



<b>CURRENT PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2022</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	51,544,182	61,131,615	112,675,797	
II. FUNDS BORROWED	940,461	3,471,519	4,411,980	
III. MONEY MARKETS DEBTS	0	7,817,681	7,817,681	
IV. SECURITIES ISSUED (NET)	0	0	0	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	
VI. DERIVATIVE FINANCIAL LIABILITIES	12,819	1,660	14,479	
VII. FINANCE LEASE PAYABLES (NET)	450,407	26,399	476,806	
VIII. PROVISIONS	2,558,145	17,375	2,575,520	
IX. CURRENT TAX LIABILITY	704,214	32,539	736,753	
X. DEFERRED TAX LIABILITY	0	0	0	
LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0	
XII. SUBORDINATED DEBT INSTRUMENTS	0	4,694,238	4,694,238	
XIII. OTHER LIABILITIES	3,076,607	1,741,272	4,817,879	
XIV. SHAREHOLDERS' EQUITY	8,090,431	28,542	8,118,973	
<b>TOTAL LIABILITIES</b>	<b>67,377,266</b>	<b>78,962,840</b>	<b>146,340,106</b>	

<b>PRIOR PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2021</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	20,200,193	71,036,456	91,236,649	
II. FUNDS BORROWED	4,168,387	2,090,828	6,259,215	
III. MONEY MARKETS DEBTS	1,327	-	1,327	
IV. SECURITIES ISSUED (NET)	-	-	-	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	
VI. DERIVATIVE FINANCIAL LIABILITIES	180,485	6,769	187,254	
VII. FINANCE LEASE PAYABLES (NET)	327,840	21,774	349,614	
VIII. PROVISIONS	308,018	4,060	312,078	
IX. CURRENT TAX LIABILITY	97,393	19,825	117,218	
X. DEFERRED TAX LIABILITY	-	-	-	
LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-	
XII. SUBORDINATED DEBT INSTRUMENTS	-	3,119,354	3,119,354	
XIII. OTHER LIABILITIES	2,093,568	651,993	2,745,561	
XIV. SHAREHOLDERS' EQUITY	4,620,093	6,760	4,626,853	
<b>TOTAL LIABILITIES</b>	<b>31,997,304</b>	<b>76,957,819</b>	<b>108,955,123</b>	

## ALBARAKA TÜRK FINANCIAL STATEMENTS

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

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2022		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	16,770,259	13,216,005	29,986,264
I. GUARANTEES AND WARRANTIES	11,430,631	9,692,379	21,123,010
II. COMMITMENTS	3,744,209	561,809	4,306,018
III. DERIVATIVE FINANCIAL INSTRUMENTS	1,595,419	2,961,817	4,557,236
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	195,850,209	76,219,165	272,069,374
IV. ITEMS HELD IN CUSTODY	8,003,258	25,965,959	33,969,217
V. PLEDGES RECEIVED	187,846,951	50,253,206	238,100,157
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	0	0
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>212,620,468</b>	<b>89,435,170</b>	<b>302,055,638</b>

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	PRIOR PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	11,428,440	16,308,916	27,737,356
I. GUARANTEES AND WARRANTIES	7,080,257	10,323,043	17,403,300
II. COMMITMENTS	2,929,406	606,006	3,535,412
III. DERIVATIVE FINANCIAL INSTRUMENTS	1,418,777	5,379,867	6,798,644
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	104,483,970	48,433,026	152,916,996
IV. ITEMS HELD IN CUSTODY	5,856,026	12,698,331	18,554,357
V. PLEDGES RECEIVED	98,627,944	35,734,695	134,362,639
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>115,912,410</b>	<b>64,741,942</b>	<b>180,654,352</b>

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

<b>INCOME AND EXPENSE ITEMS</b>	<b>CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2022</b>
I. PROFIT SHARE INCOME	
II. PROFIT SHARE EXPENSE (-)	
III. NET PROFIT SHARE INCOME (I - II)	
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE	
V. DIVIDEND INCOME	1,056
VI. TRADING INCOME/(LOSS) (NET)	2,881,082
VII. OTHER OPERATING INCOME	1,657,558
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)	10,566,536
IX. EXPECTED LOSS PROVISIONS (-)	3,950,152
X. OTHER PROVISIONAL EXPENSES (-)	2,066,767
XI. PERSONNEL EXPENSES (-)	1,166,388
XII. OTHER OPERATIONAL EXPENSES (-)	1,067,988
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	2,315,241
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI. INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	2,315,241
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	949,745
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	1,365,496
XX. INCOME FROM DISCONTINUED OPERATIONS	0
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)	0
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	0
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
<b>XXV. NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>1,365,496</b>

<b>INCOME AND EXPENSE ITEMS</b>	<b>PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2021</b>
I. PROFIT SHARE INCOME	5,023,098
II. PROFIT SHARE EXPENSE (-)	3,329,736
III. NET PROFIT SHARE INCOME (I - II)	1,693,362
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE	405,756
V. DIVIDEND INCOME	768
VI. TRADING INCOME/(LOSS) (NET)	136,227
VII. OTHER OPERATING INCOME	1,142,931
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)	3,379,044
IX. EXPECTED LOSS PROVISIONS (-)	1,711,343
X. OTHER PROVISIONAL EXPENSES (-)	123,926
XI. PERSONNEL EXPENSES (-)	807,921
XII. OTHER OPERATIONAL EXPENSES (-)	654,412
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	81,442
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	-
XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	-
XVI. INCOME/(LOSS) ON NET MONETARY POSITION	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	81,442
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	-22,961
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	104,403
XX. INCOME FROM DISCONTINUED OPERATIONS	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-
<b>XXV. NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>104,403</b>



## EMLAK KATILIM FINANCIAL STATEMENTS

### TÜRKİYE EMLAK KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL THOUSAND)

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2022		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	10,852,434	32,751,849	43,604,283
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	37,583,957	16,495,311	54,079,268
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	5,242	0	5,242
IV.	EQUITY INVESTMENTS	100	0	100
V.	TANGIBLE ASSETS (NET)	432,288	0	432,288
VI.	INTANGIBLE ASSETS (NET)	100,413	0	100,413
VII.	INVESTMENT PROPERTIES (NET)	0	0	0
VIII.	CURRENT TAX ASSETS	0	0	0
IX.	DEFERRED TAX ASSETS	663,317	0	663,317
X.	OTHER ASSETS	1,338,150	3,874	1,342,024
<b>TOTAL ASSETS</b>		<b>50,975,901</b>	<b>49,251,034</b>	<b>100,226,935</b>

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	4,696,861	9,109,377	13,806,238
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	12,156,411	12,132,116	24,288,527
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	8,000	-	8,000
IV.	EQUITY INVESTMENTS	100	-	100
V.	TANGIBLE ASSETS (NET)	330,398	-	330,398
VI.	INTANGIBLE ASSETS (NET)	23,462	-	23,462
VII.	INVESTMENT PROPERTIES (NET)	-	-	-
VIII.	CURRENT TAX ASSETS	-	-	-
IX.	DEFERRED TAX ASSETS	66,574	-	66,574
X.	OTHER ASSETS	231,622	4,979	236,601
<b>TOTAL ASSETS</b>		<b>17,513,428</b>	<b>21,246,472</b>	<b>38,759,900</b>

<b>CURRENT PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2022</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	34,941,257	44,282,608	79,223,865	
II. FUNDS BORROWED	6,403,488	749,565	7,153,053	
III. MONEY MARKETS DEBTS	0	0	0	
IV. SECURITIES ISSUED (NET)	0	0	0	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	
VI. DERIVATIVE FINANCIAL LIABILITIES	2,261	11,536	13,797	
VII. FINANCE LEASE PAYABLES (NET)	278,248	0	278,248	
VIII. PROVISIONS	938,875	106,829	1,045,704	
IX. CURRENT TAX LIABILITY	1,368,458	0	1,368,458	
X. DEFERRED TAX LIABILITY	0	0	0	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0	
XII. SUBORDINATED DEBT INSTRUMENTS	0	4,110,376	4,110,376	
XIII. OTHER LIABILITIES	564,928	444,632	1,009,560	
XIV. SHAREHOLDERS' EQUITY	6,001,650	22,224	6,023,874	
<b>TOTAL LIABILITIES</b>	<b>50,499,165</b>	<b>49,727,770</b>	<b>100,226,935</b>	

<b>PRIOR PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2021</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	8,344,850	18,448,499	26,793,349	
II. FUNDS BORROWED	3,550,900	1,103,031	4,653,931	
III. MONEY MARKETS DEBTS	1,984,303	-	1,984,303	
IV. SECURITIES ISSUED (NET)	-	-	-	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	
VI. DERIVATIVE FINANCIAL LIABILITIES	106,180	3,810	109,990	
VII. FINANCE LEASE PAYABLES (NET)	191,498	-	191,498	
VIII. PROVISIONS	66,636	51,603	118,239	
IX. CURRENT TAX LIABILITY	81,210	-	81,210	
X. DEFERRED TAX LIABILITY	-	-	-	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-	
XII. SUBORDINATED DEBT INSTRUMENTS	-	2,669,412	2,669,412	
XIII. OTHER LIABILITIES	368,823	60,722	429,545	
XIV. SHAREHOLDERS' EQUITY	1,739,875	(11,452)	1,728,423	
<b>TOTAL LIABILITIES</b>	<b>16,434,275</b>	<b>22,325,625</b>	<b>38,759,900</b>	

## EMLAK KATILIM FINANCIAL STATEMENTS

### TÜRKİYE EMLAK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF OFF-BALANCE SHEET (TL THOUSAND)

<b>CURRENT PERIOD</b>			
<b>1 JANUARY - 31 DECEMBER 2022</b>			
<b>STATEMENT OF OFF-BALANCE SHEET ACCOUNTS</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	13,582,886	17,334,633	30,917,519
I. GUARANTEES AND WARRANTIES	7,168,358	3,306,651	10,475,009
II. COMMITMENTS	5,577,597	4,633,812	10,211,409
III. DERIVATIVE FINANCIAL INSTRUMENTS	836,931	9,394,170	10,231,101
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	329,532,626	27,260,409	356,793,035
IV. ITEMS HELD IN CUSTODY	22,338,186	7,653,917	29,992,103
V. PLEDGES RECEIVED	307,194,440	19,606,492	326,800,932
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	0	0
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>343,115,512</b>	<b>44,595,042</b>	<b>387,710,554</b>
<b>PRIOR PERIOD</b>			
<b>1 JANUARY - 31 DECEMBER 2021</b>			
<b>STATEMENT OF OFF-BALANCE SHEET ACCOUNTS</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	6,343,425	8,723,299	15,066,724
II. COMMITMENTS	1,478,944	626,232	2,105,176
III. DERIVATIVE FINANCIAL INSTRUMENTS	1,840,047	4,960,600	6,800,647
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	150,618,208	14,709,182	165,327,390
IV. ITEMS HELD IN CUSTODY	8,701,960	5,821,602	14,523,562
V. PLEDGES RECEIVED	141,916,248	8,887,580	150,803,828
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>156,961,633</b>	<b>23,432,481</b>	<b>180,394,114</b>



**TÜRKİYE EMLAK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL THOUSAND)**

<b>INCOME AND EXPENSE ITEMS</b>		<b>CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2022</b>
I.	PROFIT SHARE INCOME	8,298,261
II.	PROFIT SHARE EXPENSE (-)	4,380,088
III.	NET PROFIT SHARE INCOME (I - II)	3,918,173
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	300,709
V.	DIVIDEND INCOME	0
VI.	TRADING INCOME/(LOSS) (NET)	1,861,270
VII.	OTHER OPERATING INCOME	152,260
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	6,232,412
IX.	EXPECTED LOSS PROVISIONS (-)	787,594
X.	OTHER PROVISIONAL EXPENSES (-)	688,728
XI.	PERSONNEL EXPENSES (-)	616,358
XII.	OTHER OPERATIONAL EXPENSES (-)	415,289
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	3,724,443
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XV.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	3,724,443
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	914,494
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	2,809,949
XX.	INCOME FROM DISCONTINUED OPERATIONS	0
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	0
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>2,809,949</b>

<b>INCOME AND EXPENSE ITEMS</b>		<b>PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2021</b>
I.	PROFIT SHARE INCOME	2,329,202
II.	PROFIT SHARE EXPENSE (-)	1,796,817
III.	NET PROFIT SHARE INCOME (I - II)	532,385
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	82,481
V.	DIVIDEND INCOME	-
VI.	TRADING INCOME/(LOSS) (NET)	56,502
VII.	OTHER OPERATING INCOME	129,965
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	801,333
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	110,213
X.	OTHER PROVISIONAL EXPENSES (-)	15,111
XI.	PERSONNEL EXPENSES (-)	284,917
XII.	OTHER OPERATIONAL EXPENSES (-)	203,094
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	187,998
XIV.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER	-
XV.	PROFIT/(LOSS) ON EQUITY METHOD	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	187,998
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	44,885
XIX.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	143,113
XX.	INCOME FROM DISCONTINUED OPERATIONS	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>143,113</b>

# KUVEYT TÜRK FINANCIAL STATEMENTS

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

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2022		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	48,555,663	121,379,398	169,935,061
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	120,538,839	84,958,103	205,496,942
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	117,719	0	117,719
IV.	EQUITY INVESTMENTS	2,462,925	0	2,462,925
V.	TANGIBLE ASSETS (NET)	1,765,668	1,397	1,767,065
VI.	INTANGIBLE ASSETS (NET)	397,365	38	397,403
VII.	INVESTMENT PROPERTIES (NET)	0	0	0
VIII.	CURRENT TAX ASSETS	0	0	0
IX.	DEFERRED TAX ASSETS	1,083,223	0	1,083,223
X.	OTHER ASSETS	2,285,717	1,084,725	3,370,442
<b>TOTAL ASSETS</b>		<b>177,207,119</b>	<b>207,423,661</b>	<b>384,630,780</b>
		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	23,975,789	101,993,815	125,969,604
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	57,550,517	62,034,113	119,584,630
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	240,891	-	240,891
IV.	EQUITY INVESTMENTS	1,481,015	-	1,481,015
V.	TANGIBLE ASSETS (NET)	1,221,027	1,571	1,222,598
VI.	INTANGIBLE ASSETS (NET)	248,173	14	248,187
VII.	INVESTMENT PROPERTIES (NET)	-	-	-
VIII.	CURRENT TAX ASSETS	-	-	-
IX.	DEFERRED TAX ASSETS	1,713,575	-	1,713,575
X.	OTHER ASSETS	1,321,031	2,286,729	3,607,760
<b>TOTAL ASSETS</b>		<b>87,752,018</b>	<b>166,316,242</b>	<b>254,068,260</b>

<b>CURRENT PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2022</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	146,153,746	155,364,117	301,517,863	
II. FUNDS BORROWED	3,153,871	26,939,456	30,093,327	
III. MONEY MARKETS DEBTS	124,831	0	124,831	
IV. SECURITIES ISSUED (NET)	0	0	0	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	
VI. DERIVATIVE FINANCIAL LIABILITIES	32,369	167,551	199,920	
VII. FINANCE LEASE PAYABLES (NET)	506,640	10,214	516,854	
VIII. PROVISIONS	3,027,134	1,594,718	4,621,852	
IX. CURRENT TAX LIABILITY	1,965,386	0	1,965,386	
X. DEFERRED TAX LIABILITY	0	0	0	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0	
XII. SUBORDINATED DEBT INSTRUMENTS	0	11,424,892	11,424,892	
XIII. OTHER LIABILITIES	3,625,691	1,825,322	5,451,013	
XIV. SHAREHOLDERS' EQUITY	28,780,813	-65,971	28,714,842	
<b>TOTAL LIABILITIES</b>	<b>187,370,481</b>	<b>197,260,299</b>	<b>384,630,780</b>	

<b>PRIOR PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2021</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	57,295,682	154,809,707	212,105,389	
II. FUNDS BORROWED	4,795,462	3,526,512	8,321,974	
III. MONEY MARKETS DEBTS	6,495,137	-	6,495,137	
IV. SECURITIES ISSUED (NET)	-	-	-	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	
VI. DERIVATIVE FINANCIAL LIABILITIES	192,898	65,015	257,913	
VII. FINANCE LEASE PAYABLES (NET)	342,556	9,819	352,375	
VIII. PROVISIONS	1,443,840	998,535	2,442,375	
IX. CURRENT TAX LIABILITY	1,158,997	-	1,158,997	
X. DEFERRED TAX LIABILITY	-	-	-	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-	
XII. SUBORDINATED DEBT INSTRUMENTS	-	8,100,496	8,100,496	
XIII. OTHER LIABILITIES	1,843,584	2,533,167	4,376,751	
XIV. SHAREHOLDERS' EQUITY	10,531,507	(74,654)	10,456,853	
<b>TOTAL LIABILITIES</b>	<b>84,099,663</b>	<b>169,968,597</b>	<b>254,068,260</b>	



## KUVEYT TÜRK FINANCIAL STATEMENTS

### KUVEYT TÜRK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF OFF-BALANCE SHEET (TL THOUSAND)

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2022		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	107,189,200	96,208,431	203,397,631
I. GUARANTEES AND WARRANTIES	18,291,092	12,533,961	30,825,053
II. COMMITMENTS	73,375,074	7,349,441	80,724,515
III. DERIVATIVE FINANCIAL INSTRUMENTS	15,523,034	76,325,029	91,848,063
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	1,312,038,282	1,068,954,968	2,380,993,250
IV. ITEMS HELD IN CUSTODY	39,623,059	627,887,032	667,510,091
V. PLEDGES RECEIVED	1,272,403,584	440,847,619	1,713,251,203
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	220,317	231,956
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>1,419,227,482</b>	<b>1,165,163,399</b>	<b>2,584,390,881</b>

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	PRIOR PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	70,491,068	83,837,236	154,328,304
I. GUARANTEES AND WARRANTIES	8,925,813	8,467,832	17,393,645
II. COMMITMENTS	58,403,340	4,958,958	63,362,298
III. DERIVATIVE FINANCIAL INSTRUMENTS	3,161,915	70,410,446	73,572,361
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	667,226,247	348,895,558	1,016,121,805
IV. ITEMS HELD IN CUSTODY	20,834,179	34,556,759	55,390,938
V. PLEDGES RECEIVED	646,380,429	314,183,181	960,563,610
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	11,639	155,618	167,257
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>737,717,315</b>	<b>432,732,794</b>	<b>1,170,450,109</b>

**KUVEYT TÜRK KATILIM BANKASI A.Ş. SUMMARY STATEMENT OF PROFIT OR LOSS (TL THOUSAND)**

<b>INCOME AND EXPENSE ITEMS</b>		<b>CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2022</b>
I.	PROFIT SHARE INCOME	35,614,092
II.	PROFIT SHARE EXPENSE (-)	11,856,340
III.	NET PROFIT SHARE INCOME (I - II)	23,757,752
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	984,135
V.	DIVIDEND INCOME	1,710
VI.	TRADING INCOME/(LOSS) (NET)	5,082,070
VII.	OTHER OPERATING INCOME	1,561,509
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	31,387,176
IX.	EXPECTED LOSS PROVISIONS (-)	6,653,223
X.	OTHER PROVISIONAL EXPENSES (-)	591,509
XI.	PERSONNEL EXPENSES (-)	3,168,208
XII.	OTHER OPERATIONAL EXPENSES (-)	2,904,903
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	18,069,333
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	18,069,333
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	-4,025,886
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	14,043,447
XX.	INCOME FROM DISCONTINUED OPERATIONS	0
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	0
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>14,043,447</b>

<b>INCOME AND EXPENSE ITEMS</b>		<b>PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2021</b>
I.	PROFIT SHARE INCOME	13,035,305
II.	PROFIT SHARE EXPENSE (-)	5,404,863
III.	NET PROFIT SHARE INCOME (I - II)	7,630,442
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	577,758
V.	DIVIDEND INCOME	6,042
VI.	TRADING INCOME/(LOSS) (NET)	2,160,959
VII.	OTHER OPERATING INCOME	925,269
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	11,300,470
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	4,566,363
X.	OTHER PROVISIONAL EXPENSES (-)	162,026
XI.	PERSONNEL EXPENSES (-)	1,505,724
XII.	OTHER OPERATIONAL EXPENSES (-)	1,518,991
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	3,547,366
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	3,547,366
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(1,045,639)
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	2,501,727
XX.	INCOME FROM DISCONTINUED OPERATIONS	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>2,501,727</b>

# TÜRKİYE FİNANS FINANCIAL STATEMENTS

## TÜRKİYE FİNANS KATILIM BANKASI A.Ş. SUMMARY BALANCE SHEET (TL THOUSAND)

		CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2022		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	19,400,247	42,949,288	62,349,535
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	59,921,784	25,702,192	85,623,976
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	11,691	0	11,691
IV.	EQUITY INVESTMENTS	100	0	100
V.	TANGIBLE ASSETS (NET)	2,712,010	0	2,712,010
VI.	INTANGIBLE ASSETS (NET)	206,612	0	206,612
VII.	INVESTMENT PROPERTIES (NET)	0	0	0
VIII.	CURRENT TAX ASSETS	0	0	0
IX.	DEFERRED TAX ASSETS	376,582	0	376,582
X.	OTHER ASSETS	1,267,343	214,273	1,481,616
<b>TOTAL ASSETS</b>		<b>83,896,369</b>	<b>68,865,753</b>	<b>152,762,122</b>

		PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2021		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	9,995,257	42,862,292	52,857,549
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	33,158,507	26,620,110	59,778,617
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	84,882	-	84,882
IV.	EQUITY INVESTMENTS	100	-	100
V.	TANGIBLE ASSETS (NET)	1,380,217	-	1,380,217
VI.	INTANGIBLE ASSETS (NET)	172,447	-	172,447
VII.	INVESTMENT PROPERTIES (NET)	-	-	-
VIII.	CURRENT TAX ASSETS	-	-	-
IX.	DEFERRED TAX ASSETS	144,760	-	144,760
X.	OTHER ASSETS	1,064,343	160,348	1,224,691
<b>TOTAL ASSETS</b>		<b>46,000,513</b>	<b>69,642,750</b>	<b>115,643,263</b>



<b>CURRENT PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2022</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	52,815,798	50,031,460	102,847,258	
II. FUNDS BORROWED	10,523,466	11,473,217	21,996,683	
III. MONEY MARKETS DEBTS	3,130,312	0	3,130,312	
IV. SECURITIES ISSUED (NET)	0	0	0	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	
VI. DERIVATIVE FINANCIAL LIABILITIES	30,450	393,238	423,688	
VII. FINANCE LEASE PAYABLES (NET)	447,596	788	448,384	
VIII. PROVISIONS	2,312,109	242,551	2,554,660	
IX. CURRENT TAX LIABILITY	1,057,840	0	1,057,840	
X. DEFERRED TAX LIABILITY	0	0	0	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0	
XII. SUBORDINATED DEBT INSTRUMENTS	0	4,678,005	4,678,005	
XIII. OTHER LIABILITIES	3,052,620	1,497,477	4,550,097	
XIV. SHAREHOLDERS' EQUITY	11,281,039	(205,844)	11,075,195	
<b>TOTAL LIABILITIES</b>	<b>84,651,230</b>	<b>68,110,892</b>	<b>152,762,122</b>	

<b>PRIOR PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2021</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	21,256,696	63,220,847	84,477,543	
II. FUNDS BORROWED	6,883,435	3,024,772	9,908,207	
III. MONEY MARKETS DEBTS	6,528,730	-	6,528,730	
IV. SECURITIES ISSUED (NET)	-	-	-	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	
VI. DERIVATIVE FINANCIAL LIABILITIES	253,642	110,475	364,117	
VII. FINANCE LEASE PAYABLES (NET)	371,132	1,057	372,189	
VIII. PROVISIONS	384,517	66,460	450,977	
IX. CURRENT TAX LIABILITY	357,623	-	357,623	
X. DEFERRED TAX LIABILITY	-	-	-	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-	
XII. SUBORDINATED DEBT INSTRUMENTS	-	3,246,755	3,246,755	
XIII. OTHER LIABILITIES	2,150,428	1,229,900	3,380,328	
XIV. SHAREHOLDERS' EQUITY	6,590,001	(33,207)	6,556,794	
<b>TOTAL LIABILITIES</b>	<b>44,776,204</b>	<b>70,867,059</b>	<b>115,643,263</b>	

## TÜRKİYE FİNANS FINANCIAL STATEMENTS

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

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2022		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	20,337,750	58,115,827	78,453,577
I. GUARANTEES AND WARRANTIES	9,900,441	8,950,510	18,850,951
II. COMMITMENTS	6,086,459	2,405,943	8,492,402
III. DERIVATIVE FINANCIAL INSTRUMENTS	4,350,850	46,759,374	51,110,224
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	772,820,143	252,796,994	1,025,617,137
IV. ITEMS HELD IN CUSTODY	13,595,863	19,259,338	32,855,201
V. PLEDGES RECEIVED	759,224,280	233,207,876	992,432,156
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	329,780	329,780
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>793,157,893</b>	<b>310,912,821</b>	<b>1,104,070,714</b>

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	PRIOR PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	15,631,050	63,180,098	78,811,148
I. GUARANTEES AND WARRANTIES	5,467,103	8,494,531	13,961,634
II. COMMITMENTS	3,529,542	4,136,325	7,665,867
III. DERIVATIVE FINANCIAL INSTRUMENTS	6,634,405	50,549,242	57,183,647
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	569,109,009	182,060,303	751,169,312
IV. ITEMS HELD IN CUSTODY	8,229,706	14,031,401	22,261,107
V. PLEDGES RECEIVED	560,879,303	167,838,231	728,717,534
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	190,671	190,671
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>584,740,059</b>	<b>245,240,401</b>	<b>829,980,460</b>

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

<b>INCOME AND EXPENSE ITEMS</b>		<b>CURRENT PERIOD</b>
		<b>1 JANUARY - 31 DECEMBER 2022</b>
I.	PROFIT SHARE INCOME	14,979,063
II.	PROFIT SHARE EXPENSE (-)	7,621,113
III.	NET PROFIT SHARE INCOME (I - II)	7,357,950
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	447,523
V.	DIVIDEND INCOME	799
VI.	TRADING INCOME/(LOSS) (NET)	1,698,865
VII.	OTHER OPERATING INCOME	1,233,711
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	10,738,848
IX.	EXPECTED LOSS PROVISIONS (-)	2,091,864
X.	OTHER PROVISIONAL EXPENSES (-)	1,464,670
XI.	PERSONNEL EXPENSES (-)	1,373,041
XII.	OTHER OPERATIONAL EXPENSES (-)	1,601,663
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	4,207,610
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	4,207,610
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	1,303,505
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	2,904,105
XX.	INCOME FROM DISCONTINUED OPERATIONS	0
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	0
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>2,904,105</b>

<b>INCOME AND EXPENSE ITEMS</b>		<b>PRIOR PERIOD</b>
		<b>1 JANUARY - 31 DECEMBER 2021</b>
I.	PROFIT SHARE INCOME	6,382,801
II.	PROFIT SHARE EXPENSE (-)	3,959,119
III.	NET PROFIT SHARE INCOME (I - II)	2,423,682
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	257,632
V.	DIVIDEND INCOME	19
VI.	TRADING INCOME/(LOSS) (NET)	623,805
VII.	OTHER OPERATING INCOME	856,210
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	4,161,348
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	1,298,326
X.	OTHER PROVISIONAL EXPENSES (-)	37,470
XI.	PERSONNEL EXPENSES (-)	730,001
XII.	OTHER OPERATIONAL EXPENSES (-)	886,413
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	1,209,138
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	-
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	1,209,138
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	288,090
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	921,048
XX.	INCOME FROM DISCONTINUED OPERATIONS	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>921,048</b>



## VAKIF KATILIM FINANCIAL STATEMENTS

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

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2022		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	19,922,201	41,572,976	61,495,177
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	82,299,035	40,966,578	123,265,613
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	6,121	0	6,121
IV.	EQUITY INVESTMENTS	100	0	100
V.	TANGIBLE ASSETS (NET)	1,991,582	0	1,991,582
VI.	INTANGIBLE ASSETS (NET)	62,388	0	62,388
VII.	INVESTMENT PROPERTIES (NET)	0	0	0
VIII.	CURRENT TAX ASSETS	0	0	0
IX.	DEFERRED TAX ASSETS	0	0	0
X.	OTHER ASSETS	1,183,398	81,701	1,265,099
	<b>TOTAL ASSETS</b>	<b>105,464,825</b>	<b>82,621,255</b>	<b>188,086,080</b>

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	8,111,577	34,353,162	42,464,739
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	25,537,584	31,441,107	56,978,691
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	15,995	-	15,995
IV.	EQUITY INVESTMENTS	7,574	-	7,574
V.	TANGIBLE ASSETS (NET)	508,711	-	508,711
VI.	INTANGIBLE ASSETS (NET)	22,129	-	22,129
VII.	INVESTMENT PROPERTIES (NET)	-	-	-
VIII.	CURRENT TAX ASSETS	-	-	-
IX.	DEFERRED TAX ASSETS	198,020	-	198,020
X.	OTHER ASSETS	502,336	58,891	561,227
	<b>TOTAL ASSETS</b>	<b>34,903,926</b>	<b>65,853,160</b>	<b>100,757,086</b>

<b>CURRENT PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2022</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	76,314,373	62,305,543	138,619,916	
II. FUNDS BORROWED	4,814,116	8,991,229	13,805,345	
III. MONEY MARKETS DEBTS	6,147,681	0	6,147,681	
IV. SECURITIES ISSUED (NET)	0	0	0	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	
VI. DERIVATIVE FINANCIAL LIABILITIES	1,722	211,395	213,117	
VII. FINANCE LEASE PAYABLES (NET)	309,766	0	309,766	
VIII. PROVISIONS	1,848,638	378,953	2,227,591	
IX. CURRENT TAX LIABILITY	1,281,405	0	1,281,405	
X. DEFERRED TAX LIABILITY	92,119	0	92,119	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0	
XII. SUBORDINATED DEBT INSTRUMENTS	0	1,867,822	1,867,822	
XIII. OTHER LIABILITIES	2,315,332	2,292,393	4,607,725	
XIV. SHAREHOLDERS' EQUITY	19,038,558	-124,965	18,913,593	
<b>TOTAL LIABILITIES</b>	<b>112,163,710</b>	<b>75,922,370</b>	<b>188,086,080</b>	

<b>PRIOR PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2021</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	18,191,870	55,433,575	73,625,445	
II. FUNDS BORROWED	3,847,589	6,267,380	10,114,969	
III. MONEY MARKETS DEBTS	4,676,059	-	4,676,059	
IV. SECURITIES ISSUED (NET)	-	-	-	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	
VI. DERIVATIVE FINANCIAL LIABILITIES	256,292	220,497	476,789	
VII. FINANCE LEASE PAYABLES (NET)	187,200	-	187,200	
VIII. PROVISIONS	186,520	201,451	387,971	
IX. CURRENT TAX LIABILITY	375,539	-	375,539	
X. DEFERRED TAX LIABILITY	-	-	-	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-	
XII. SUBORDINATED DEBT INSTRUMENTS	-	1,345,278	1,345,278	
XIII. OTHER LIABILITIES	832,851	115,266	948,117	
XIV. SHAREHOLDERS' EQUITY	8,607,555	12,164	8,619,719	
<b>TOTAL LIABILITIES</b>	<b>37,161,475</b>	<b>63,595,611</b>	<b>100,757,086</b>	

## VAKIF KATILIM FINANCIAL STATEMENTS

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

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	CURRENT PERIOD		
	1 JANUARY - 31 DECEMBER 2022		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	45,596,252	78,621,277	124,217,529
I. GUARANTEES AND WARRANTIES	22,764,310	15,537,240	38,301,550
II. COMMITMENTS	15,742,555	6,141,069	21,883,624
III. DERIVATIVE FINANCIAL INSTRUMENTS	7,089,387	56,942,968	64,032,355
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	757,581,463	43,938,466	801,519,929
IV. ITEMS HELD IN CUSTODY	35,755,059	11,694,924	47,449,983
V. PLEDGES RECEIVED	721,826,404	32,243,542	754,069,946
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	0	0
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>803,177,715</b>	<b>122,559,743</b>	<b>925,737,458</b>

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	PRIOR PERIOD		
	1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	21,903,927	92,438,627	114,342,554
I. GUARANTEES AND WARRANTIES	10,930,643	13,342,364	24,273,007
II. COMMITMENTS	6,824,684	2,905,129	9,729,813
III. DERIVATIVE FINANCIAL INSTRUMENTS	4,148,600	76,191,134	80,339,734
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	352,196,636	31,744,269	383,940,905
IV. ITEMS HELD IN CUSTODY	21,736,616	12,962,828	34,699,444
V. PLEDGES RECEIVED	330,460,020	18,781,441	349,241,461
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>374,100,563</b>	<b>124,182,896</b>	<b>498,283,459</b>



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

<b>INCOME AND EXPENSE ITEMS</b>		<b>CURRENT PERIOD</b>
		<b>1 JANUARY - 31 DECEMBER 2022</b>
I.	PROFIT SHARE INCOME	16,814,818
II.	PROFIT SHARE EXPENSE (-)	7,822,007
III.	NET PROFIT SHARE INCOME (I - II)	8,992,811
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	227,599
V.	DIVIDEND INCOME	774
VI.	TRADING INCOME/(LOSS) (NET)	1,482,647
VII.	OTHER OPERATING INCOME	722,024
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	11,425,855
IX.	EXPECTED LOSS PROVISIONS (-)	1,125,769
X.	OTHER PROVISIONAL EXPENSES (-)	1,643,136
XI.	PERSONNEL EXPENSES (-)	924,048
XII.	OTHER OPERATIONAL EXPENSES (-)	1,053,526
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	6,679,376
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	6,679,376
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	1,943,576
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	4,735,800
XX.	INCOME FROM DISCONTINUED OPERATIONS	0
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	0
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>4,735,800</b>

<b>INCOME AND EXPENSE ITEMS</b>		<b>PRIOR PERIOD</b>
		<b>1 JANUARY - 31 DECEMBER 2021</b>
I.	PROFIT SHARE INCOME	5,165,347
II.	PROFIT SHARE EXPENSE (-)	2,973,421
III.	NET PROFIT SHARE INCOME (I - II)	2,191,926
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	66,995
V.	DIVIDEND INCOME	-
VI.	TRADING INCOME/(LOSS) (NET)	937,085
VII.	OTHER OPERATING INCOME	413,505
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	3,609,511
IX.	EXPECTED LOSS PROVISION EXPENSES (-)	751,225
X.	OTHER PROVISIONAL EXPENSES (-)	217,940
XI.	PERSONNEL EXPENSES (-)	493,929
XII.	OTHER OPERATIONAL EXPENSES (-)	480,782
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	1,665,635
XIV.	EXCESS AMOUNT RECORDED AS GAIN AFTER MERGER	-
XV.	PROFIT/(LOSS) ON EQUITY METHOD	-
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	1,665,635
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	426,274
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	1,239,361
XX.	INCOME FROM DISCONTINUED OPERATIONS	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	-
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>1,239,361</b>

## ZİRAAT KATILIM FINANCIAL STATEMENTS

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

		CURRENT PERIOD		
		1 JANUARY - 31 DECEMBER 2022		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	22,622,345	37,540,469	60,162,814
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	99,369,290	50,812,921	150,182,211
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	274,644	0	274,644
IV.	EQUITY INVESTMENTS	100	0	100
V.	TANGIBLE ASSETS (NET)	594,099	843	594,942
VI.	INTANGIBLE ASSETS (NET)	342,454	0	342,454
VII.	INVESTMENT PROPERTIES (NET)	0	0	0
VIII.	CURRENT TAX ASSETS	0	0	0
IX.	DEFERRED TAX ASSETS	788,020	0	788,020
X.	OTHER ASSETS	925,248	73,157	998,405
<b>TOTAL ASSETS</b>		<b>124,916,200</b>	<b>88,427,390</b>	<b>213,343,590</b>

		PRIOR PERIOD		
		1 JANUARY - 31 DECEMBER 2021		
ASSETS		TL	FC	Total
I.	FINANCIAL ASSETS (NET)	7,906,952	21,137,037	29,043,989
II.	FINANCIAL ASSETS MEASURED BY AMORTIZED COST (NET)	36,662,193	31,065,684	67,727,877
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)	307,881	-	307,881
IV.	EQUITY INVESTMENTS	100	-	100
V.	TANGIBLE ASSETS (NET)	301,045	874	301,919
VI.	INTANGIBLE ASSETS (NET)	223,839	-	223,839
VII.	INVESTMENT PROPERTIES (NET)	-	-	-
VIII.	CURRENT TAX ASSETS	-	-	-
IX.	DEFERRED TAX ASSETS	301,329	-	301,329
X.	OTHER ASSETS	347,531	58,127	405,658
<b>TOTAL ASSETS</b>		<b>46,050,870</b>	<b>52,261,722</b>	<b>98,312,592</b>

<b>CURRENT PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2022</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	105,446,174	67,693,024	173,139,198	
II. FUNDS BORROWED	5,722,527	4,182,250	9,904,777	
III. MONEY MARKETS DEBTS	57,003	7,498,996	7,555,999	
IV. SECURITIES ISSUED (NET)	0	0	0	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	0	0	0	
VI. DERIVATIVE FINANCIAL LIABILITIES	0	62,998	62,998	
VII. FINANCE LEASE PAYABLES (NET)	335,946	0	335,946	
VIII. PROVISIONS	1,624,034	541,975	2,166,009	
IX. CURRENT TAX LIABILITY	1,487,212	2	1,487,214	
X. DEFERRED TAX LIABILITY	0	0	0	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	0	0	0	
XII. SUBORDINATED DEBT INSTRUMENTS	1,341,748	2,597,654	3,939,402	
XIII. OTHER LIABILITIES	2,056,100	1,317,502	3,373,602	
XIV. SHAREHOLDERS' EQUITY	11,496,416	-117,971	11,378,445	
<b>TOTAL LIABILITIES</b>	<b>129,567,160</b>	<b>83,776,430</b>	<b>213,343,590</b>	

<b>PRIOR PERIOD</b>				
<b>1 JANUARY - 31 DECEMBER 2021</b>				
<b>LIABILITIES</b>	<b>TL</b>	<b>FC</b>	<b>Total</b>	
I. FUNDS COLLECTED	29,714,756	48,219,141	77,933,897	
II. FUNDS BORROWED	4,476,794	1,688,051	6,164,845	
III. MONEY MARKETS DEBTS	3,784,645	-	3,784,645	
IV. SECURITIES ISSUED (NET)	-	-	-	
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	
VI. DERIVATIVE FINANCIAL LIABILITIES	70,653	1,039	71,692	
VII. FINANCE LEASE PAYABLES (NET)	194,453	10	194,463	
VIII. PROVISIONS	229,371	417,899	647,270	
IX. CURRENT TAX LIABILITY	350,441	-	350,441	
X. DEFERRED TAX LIABILITY	-	-	-	
XI. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	-	-	-	
XII. SUBORDINATED DEBT INSTRUMENTS	1,341,500	1,314,363	2,655,863	
XIII. OTHER LIABILITIES	920,890	1,266,851	2,187,741	
XIV. SHAREHOLDERS' EQUITY	4,345,743	(24,008)	4,321,735	
<b>TOTAL LIABILITIES</b>	<b>45,429,246</b>	<b>52,883,346</b>	<b>98,312,592</b>	



## ZİRAAT KATILIM FINANCIAL STATEMENTS

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

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	CURRENT PERIOD 1 JANUARY - 31 DECEMBER 2022		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	28,889,269	34,877,714	63,766,983
I. GUARANTEES AND WARRANTIES	21,569,718	23,621,764	45,191,482
II. COMMITMENTS	2,401,997	428,407	2,830,404
III. DERIVATIVE FINANCIAL INSTRUMENTS	4,917,554	10,827,543	15,745,097
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	131,287,786	32,489,349	163,777,135
IV. ITEMS HELD IN CUSTODY	8,152,999	13,565,085	21,718,084
V. PLEDGES RECEIVED	123,134,787	18,924,264	142,059,051
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	0	0	0
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>160,177,055</b>	<b>67,367,063</b>	<b>227,544,118</b>

STATEMENT OF OFF-BALANCE SHEET ACCOUNTS	PRIOR PERIOD 1 JANUARY - 31 DECEMBER 2021		
	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)	10,306,712	24,268,204	34,574,916
I. GUARANTEES AND WARRANTIES	8,271,172	21,332,293	29,603,465
II. COMMITMENTS	1,386,946	313,520	1,700,466
III. DERIVATIVE FINANCIAL INSTRUMENTS	648,594	2,622,391	3,270,985
B. CUSTODY AND PLEDGES RECEIVED (IV + V+VI)	70,066,806	20,237,127	90,303,933
IV. ITEMS HELD IN CUSTODY	5,132,707	6,230,163	11,362,870
V. PLEDGES RECEIVED	64,934,099	14,006,964	78,941,063
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	-	-	-
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>	<b>80,373,518</b>	<b>44,505,331</b>	<b>124,878,849</b>

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

<b>INCOME AND EXPENSE ITEMS</b>		<b>CURRENT PERIOD</b>
		<b>1 JANUARY - 31 DECEMBER 2022</b>
I.	PROFIT SHARE INCOME	20,231,260
II.	PROFIT SHARE EXPENSE (-)	12,488,773
III.	NET PROFIT SHARE INCOME (I - II)	7,742,487
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	245,945
V.	DIVIDEND INCOME	774
VI.	TRADING INCOME/(LOSS) (NET)	1,214,691
VII.	OTHER OPERATING INCOME	876,254
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)	10,080,151
IX.	EXPECTED LOSS PROVISIONS (-)	1,869,894
X.	OTHER PROVISIONAL EXPENSES (-)	1,061,736
XI.	PERSONNEL EXPENSES (-)	798,367
XII.	OTHER OPERATIONAL EXPENSES (-)	886,388
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)	5,463,766
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	0
XV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	0
XVI.	INCOME/(LOSS) ON NET MONETARY POSITION	0
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)	5,463,766
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	-1,623,494
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	3,840,272
XX.	INCOME FROM DISCONTINUED OPERATIONS	0
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)	0
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	0
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	0
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	0
<b>XXV.</b>	<b>NET INCOME/(LOSS) (XIX+XXIV)</b>	<b>3,840,272</b>

<b>INCOME AND EXPENSE ITEMS</b>		<b>PRIOR PERIOD</b>
		<b>1 JANUARY - 31 DECEMBER 2021</b>
I.	PROFIT SHARE INCOME	6,259,916
II.	PROFIT SHARE EXPENSE	4,745,377
III.	NET PROFIT SHARE INCOME (I - II)	1,514,539
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	147,334
V.	DIVIDEND INCOME	-
VI.	TRADING INCOME/(LOSS) (NET)	214,813
VII.	OTHER OPERATING INCOME	551,638
IX.	GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)	2,428,324
X.	EXPECTED LOSS PROVISIONS (-)	958,562
X.	OTHER PROVISIONAL EXPENSES (-)	30,041
XI.	PERSONNEL EXPENSES (-)	317,383
XI.	OTHER OPERATIONAL EXPENSES (-)	392,167
XII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)	730,171
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)	730,171
XVII.	TAX PROVISION FOR CONTINUED OPERATIONS (-+)	(171,482)
XVIII.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI+-XVII)	558,689
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 (-+)	-
XXII.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI+-XXII)	-
<b>XXIV.</b>	<b>NET INCOME/(LOSS) (XVIII+XXIII)</b>	<b>558,689</b>

## CONTACT INFORMATION

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

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

### Albaraka Türk Katılım Bankası A.Ş.

#### Head Office

Saray Mahallesi, Dr. Adnan  
Büyükdeniz Cad. No: 6  
34768 Ümraniye/İSTANBUL

Tel: (+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: 9/A1 34746  
Ataşehir/İSTANBUL

Tel: (+90 216) 266 26 26  
Fax: (+90 216) 275 25 25  
www.emlakkatilim.com.tr



### Kuveyt Türk Katılım Bankası A.Ş.

#### Head Office

Büyükdere Cad. No: 129/1  
34394 Esentepe-Şişli/İSTANBUL

Tel: (+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

Tel: (+90 216) 676 20 00  
www.turkiyefinans.com.tr



### Vakıf Katılım Bankası A.Ş.

#### Head Office

Saray Mahallesi, Dr. Adnan  
Büyükdeniz Cad. No: 10  
Ümraniye/İSTANBUL

Tel: (+90 216) 800 55 55  
Fax: (+90 216) 800 55 56  
www.vakifkatilim.com.tr



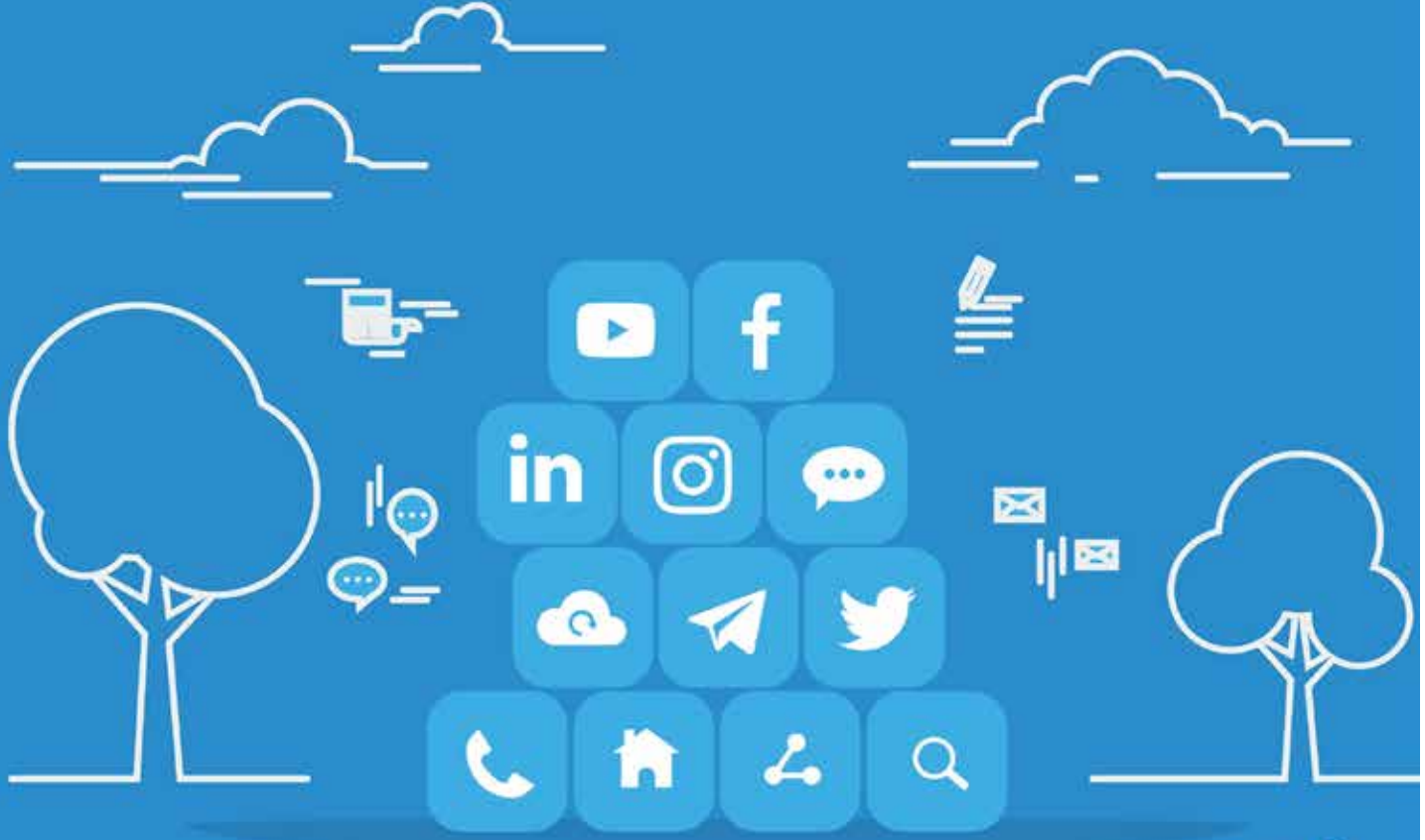
### Ziraat Katılım Bankası A.Ş.

#### Head Office

Hobyar Mahallesi, Şeyhulislam Hayri  
Efendi Caddesi No: 12  
34112 Bahçekapı-Fatih/İSTANBUL

Tel: (+90 212) 404 10 00  
Fax: (+90 212) 404 10 99  
www.ziraatkatilim.com.tr





- [tkbb.org.tr](http://tkbb.org.tr)
- [tkbbdanilimakurulu.org.tr](http://tkbbdanilimakurulu.org.tr)
- [tkbbegitim.org.tr](http://tkbbegitim.org.tr)
- [katilimfinans.com.tr](http://katilimfinans.com.tr)
- [katilimendeksi.org](http://katilimendeksi.org)

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